FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,464 — Friday November 2 1984 — D 8523 B

Pinochet's tactics spur Chile's opposition, Page 6

NEWS SUMMARY

GENERAL

Solidarity split on call for strike

A group of activists from the banned Polish trade union Solidarity called for an hour's token strike in Gdansk to protest against the murder of Father Jerzy Popieluszko, the outspoken, pro-Solidarity priest.

The call for a strike on November 9 marks an open rift between the group and Mr Lech Walesa, Solidarity's leader, who has been calling for calm and a dialogue with the authorities.

The appeal is based on the assumption that the kidnap and murder of the priest was carried out at the behest of Polish authorities. **Page 16**

Somali aid plea

Somalia appealed for urgent food aid for refugees in north-west Somalia, bordering drought-hit Ethiopia, Mogadishu radio reported. **Ethiopia aid, Page 3**

Basque attack

Two suspected Basque separatists burned a French car near Irun, northern Spain, the second such attack in 24 hours. A French lorry driver was slightly hurt on Wednesday when his vehicle was hit by a petrol bomb.

S. Africa strike call

A two-day strike in Transvaal Province has been called for next week in protest at a range of grievances by South African blacks, the United Democratic Front opposition group said. **Page 4**

Advice rejected

Greece has rejected advice from the European Commission to tighten its wage policies, Economy Minister Gerassimos Arsenis said.

Algerian parade

Algeria celebrated the 30th anniversary of the start of its war of liberation against France with a parade attended by French Foreign Minister Claude Cheysson.

Prohibition sought

The Communist Party daily Pravda said the Soviet Union needed prohibition to overcome its growing alcohol problem, but that such a measure would be impossible to apply.

Nuclear planner

Nato's new Deputy Supreme Commander, Gen Hans-Joachim Mack of West Germany, said his appointment as adviser on nuclear planning did not mean a German finger on the nuclear trigger.

N. Sea pollution

Environment ministers from eight North Sea countries agreed on a package of measures for cleaning up the North Sea but failed to produce a legally binding accord. **Page 3**

More UK jobless

UK unemployment has risen by 90,000 over the past six months and the underlying trend continues upwards. **Page 7**

Playwright dies

Eduardo de Filippo, considered one of Italy's leading playwrights, died in a Rome private clinic. He was 84.

Wine harvest

Spring frost and rain have made French wine growers unhappy about the 1984 vintage – except for Beaujolais producers, who predict an excellent Beaujolais Nouveau on the market this month.

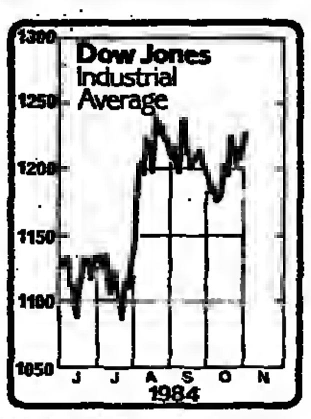
Briefly . . .

Jordan's Prime Minister has created three portfolios for energy, planning and youth.

BUSINESS

Nissan Motor up 15% in first half

NISSAN MOTOR, Japan's second largest car maker, had a 15.7 per cent surge in first-half profits to Y41bn ($167m) on the strength of an active U.S. market and the depreciation of the yen. Total half-year *sales hit Y1,816bn, up 7.9 per cent.* **Page 20**



WALL STREET: the Dow Jones Industrial average closed 9.71 up at 1,217.09. **Section III**

AMSTERDAM bourse turnover reached a record Fl 17.8bn ($5.28bn) in October, exceeding January's level, and the Fl 133bn turnover so far this year surpassed the total for 1983. **Section III**

LONDON equities picked up after an easier start. The FT industrial ordinary index recorded its 10th consecutive advance, ending up 8.9 at 896.9. The FT-SE 100 index posted a second successive record, adding 7.4 to 1,158.5. Longer-dated gilts firmed. **Section III**

TOKYO shares were sharply down amid profit-taking in electrical and precision instrument issues. The Nikkei-Dow market average shed 63.42 to 11,169.56. **Section III**

DOLLAR weakened in London, falling to DM 2.99 (DM 3.03), SwFr 2.46 (SwFr 2.494), FFr 9.18 (FFr 9.2925) and Y244.35 (Y245.7). The dollar's trade-weighted index fell to 140.5 from 141.3. **Page 35**

STERLING was mixed in London, rising 1.4 cents to $1.235 and improving slightly to Y301.5 (Y300.0). It was weaker, however, at DM 3.695 (DM 3.705), SwFr 3.04 (SwFr 3.0475) and FFr 11.335 (FFr 11.345). Its trade-weighted index was 75.0 against 74.9. **Page 35**

GOLD rose $2 an ounce in London to $335.75. It also improved in Frankfurt to $334.00 and in Zurich to $335.75. In New York the December Comex settlement was $338.0. **Page 34**

MANUFACTURERS HANOVER, the New York bank group, has started a major reorganisation, merging its factoring and commercial finance activities. **Page 18**

DEUTSCHE BANK, West Germany's largest bank, is considering taking a stake, possibly 5 per cent, in Morgan Grenfell, the UK merchant bank.

MESSER GRIESHEIM, the West German gases and welding group, forecasts higher sales and profits this year.

SKF, the Swedish roller bearing and engineering group, surged ahead in the first nine months with profits doubled to SKr 842m ($97m). **Page 18**

SENTRACHEM, South Africa's third largest chemical group, has made a R40m ($20.8m) provision against foreign exchange losses for the current financial year. **Page 20**

TIGER OATS, the South African foods group, was hit by higher tax rates with post-tax profits falling 3 per cent to R75.9m ($39.5m). **Page 20**

SWEDEN is to tighten rules limiting investment by Swedish companies in South Africa and make it illegal to sell vehicles and electronics to the South African police and military, the Government said.

CURFEWS IMPOSED AS DEATH TOLL RISES

Violence sweeps Indian cities

BY JOHN ELLIOTT IN NEW DELHI

MORE THAN 20 Indian cities were placed under curfew last night after the nation's capital, New Delhi, had suffered its worst violence for many years in a day of death and destruction caused by the assassination of Mrs Indira Gandhi, the Indian premier.

Troops patrolled the capital with orders to shoot arsonists and looters on sight. Most of the violence was perpetrated by marauding mobs of Hindus seeking out and attacking Sikhs in vengeance for the murder of Mrs Gandhi by two Sikh members of her security guard.

Late last night arson and looting continued in various parts of the capital.

The nationwide death toll was reported at about 148, with about 1,000 injured. While Delhi was much the worst city affected, towns in Uttar Pradesh in the north, Madhya Pradesh in the centre of India and Bihar in the east were hit by murder and looting.

Mr Rajiv Gandhi, the new Prime Minister, instructed that firm action should be taken. After he met 15 opposition party leaders a joint statement appealing for "sanity and harmony" was issued.

The Government is desperately concerned that the attacks on Sikhs by India's majority Hindus could presage a new era of communal violence that would be specially serious in Delhi, where there is a strong and prosperous Sikh community.

Many Sikhs stayed off the streets and some moved out of their homes for fear of being attacked in Delhi where more than 30 people are reported to have been killed yesterday.

There were scarcely any Sikh turbans evident at the lying in state of Mrs Gandhi in the centre of the city, where police fired tear gas shells at midday to quell an exited and emotional crowd. Much of the violence in central Delhi was caused by youths leaving the lying in state. Shooting broke out in and around a Sikh temple not far away.

The army moved in during the afternoon with jeep-mounted machine guns and trucks which had taken up position around the city on Wednesday night.

"We have called the army into Delhi this afternoon to strengthen the hands of the civil police" said Mr M. K. K. Wali, Permanent Secretary of the Home Ministry. "We are very determined and definite that we will not allow this situation to continue. Today will be the last day of these incidents."

Plumes of smoke rose into the sky from all parts of the city yesterday afternoon as Hindu youths set fire to over 2,000 vehicles as well as offices, shops and the homes of Sikhs. Premises were looted and in many cases the police appeared to take no preventative action and fire services were slow to arrive.

The city's taxi service is crippled because many taxis and taxi booking booths operated by Sikhs throughout the city have been destroyed or damaged.

Main roads in the south of the city became deserted as burned-out buses and cars and smashed glass littered ring-roads and flyovers.

Thousands of young Indians fought and jostled for a view of the assassinated Prime Minister lying in state in Teen Murthi House in central Delhi. Police wielding truncheons drove back a crowd that threatened to overwhelm the bier and tear gas was fired at youths in the garden of the house.

Meanwhile there were unconfirmed reports that Pakistan's President, Mr Zia ul Haq, would attend Mrs Gandhi's funeral on Saturday. President Zia has intensified what he described as his "peace offensive" to improve troubled relations with India. He offered to co-operate with Mr Rajiv Gandhi to try to ensure closer relations between the two countries.

The Chinese Premier Zhao Ziyang also called for better relations between Peking and Delhi. *Page 4; Problems for Rajiv, Page 4.*

About a dozen shops and a hotel in the fashionable central shopping area of Connaught Circus were set on fire and streets all over the city were littered with burned out vehicles. Shops elsewhere were burned and looted.

The security situation in the city will become increasingly complicated during the next 48 hours, as heads of state and other representatives arrive from all over the world for tomorrow's funeral of Mrs Gandhi, which will start with a four-hour procession.

Curfews have been imposed in parts of 18 cities, including Calcutta, Lucknow and Indore as well as Delhi. The army has also been called into Agartala, Kanpur, Allahabad, Varanasi and Jabalpur.

● British holiday companies have postponed package holidays in India for hundreds of tourists because of the disorders. Most hope to resume the tours within a fortnight, agencies report from London.

Problems facing Rajiv Gandhi, Page 4

Dollar dips below DM 3 as rates ease in U.S.

BY PHILIP STEPHENS IN LONDON AND PAUL TAYLOR IN NEW YORK

THE DOLLAR fell sharply against other currencies yesterday, dropping below DM 3 for the first time since mid-September, as U.S. interest rates registered further declines.

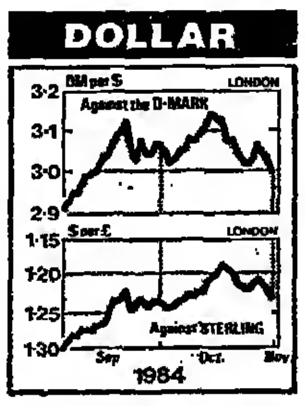
The U.S. currency's weakness brought substantial gains for sterling and encouraged speculation in London's financial markets of an early cut in Britain's base lending rates.

Foreign exchange dealers said that the dollar's fall may have been exaggerated by the relative thinness of the markets because of the holiday in several European centres.

They also reported growing uncertainty about the general trend of the dollar in the face of a slowing U.S. economy and a growing conviction in U.S financial markets that interest rates are heading still lower.

This mood has been reinforced by the recent and apparently concerted attack by senior Administration officals on the monetary pobcy of the Federal Reserve, the U.S. central bank, and particularly on the slow growth of the M1 monetary aggregate.

Mr Donald Regan, the U.S. Treasury Secretary, and Mr Beryl Sprinkel, Treasury Under-Secretary, continued the "jawboning" attack yesterday, urging the Fed to ease further.



Both officials pointed out that M1, the basic money supply measure, had been growing at a rate of only about 1 per cent over the past four months. Mr Regan said such growth "has been on the low side" and urged the Fed to keep "a sustained non-inflationary" growth in the money supply.

Mr Regan suggested that while be did not foresee a Fed discount rate cut without still lower short-term market rates, there was there is room for another reduction in the U.S. bank prime rate, currently at 12 per cent.

His remarks found an immediate echo in speculation in the Chicago markets about a possible prime rate cut. They also contributed to another sharp decline in U.S. money market rates, which pushed three-month Treasury bill rates below the 9 per cent level for the first time since January. At the beginning of September, the rate was 10.61 per cent.

So far the dollar has withstood this decline in rates, bolstered by capital flows and the underlying strength of the U.S. economy, but yesterday there was the hint of a new "jittery" mood in the markets.

European central bankers believe that this uncertainty has been reflected in the effectiveness in recent weeks of relatively light intervention by the Bundesbank.

The West German central bank has found that modest dollar sales in open market can now generate a sharp fall in the U.S. currency's value, whereas earlier in the year such intervention was easily absorbed by the market.

The foreign exchange dealers, however, did not rule out a strong rebound in the dollar's value if, as expected, oext Tuesday's U.S. Presidential election brings a decisive victory for President Ronald Reagan.

Money markets, Page 4

'No basis' for more UK pit strike talks

BY JOHN LLOYD AND PETER RIDDELL IN LONDON

THE BRITISH coal dispute became firmly deadlocked last night when the National Coal Board (NCB) said there was no basis for further talks with the miners' union.

Mr Arthur Scargill, president of the National Union of Mineworkers (NUM), said the union would be holding five mass rallies in provincial cities, starting on Tuesday of next week. It would also be calling on the Trades Union Congress (TUC) and the Labour Party to reinforce their promises of "total support" in the seven-month-old dispute over pit closures.

Mr Neil Kinnock, the Labour leader and Mr Norman Willis, the TUC general secretary, are to be invited to speak at the rallies. The TUC said last night Mr Willis would be likely to attend, but Mr Kinnock's office said no invitation had been received and would be considered when it did.

The TUC's finance and general purposes committee is to meet next week, probably on Wednesday, and has invited the NUM leaders to attend. It is not clear whether the three national officials, or the full executive, are to be present. Mr Scargill intends to table specific demands for increased demands from other unions.

The TUC remains formally committed to full support for the mineworkers but a broad spectrum of union opinion now favours the TUC's playing a more active role in pressing for a settlement.

Mr Willis yesterday criticised the NCB for ruling out any prospect of a deal, and said: "No one is suggesting that the search for a negotiated settlement is easy but the alternative is a long and wounding war of attrition with everyone the loser."

The NUM executive yesterday decided to hold a delegate meeting of the union in Sheffield next Monday with the aim of sharpening support of the dispute among the rank and file.

The announcement of the invitations to the TUC and Labour leaders was viewed as a move to put them on the spot over their support for the strike, and to counter any Government or other approach to them over the heads of the NUM.

Mr Scargill said: "We believe the time has now come to involve as much as possible in a public way the wider trade union and labour movements in a dispute which the Tories see clearly as a fight on the part of the establishment against an individual union, and we are asking the trade union movement

Continued on Page 16

NCB presents its case, Page 7

Swedish group set to take lead in arc welding after U.S. deal

BY IAN RODGER IN LONDON

ESAB, the Swedish welding equipment group, has agreed to buy part of the loss-making U.S. welding business of Britain's BOC group. If the deal goes through it will make Esab, which agreed last month to buy the welding activities of Philips of the Netherlands, the world leader in this field.

The latest purchase from BOC, which has already sold its welding businesses in Britain, West Germany and some other countries to Esab, involves an arc welding equipment operation with annual turnover of $20m.

BOC, which had an operating loss of £13.8m ($17m) in its worldwide welding businesses last year, is also withdrawing from the manufacture of welding wire in the U.S. and is closing a related factory. The company said it did not consider the assets involved in these disposals to be material.

Total capital employed in welding by BOC at the end of last year was £168.3m. It retains businesses in the U.S. in oxyacetylene equipment, gas cutting machines and stick electrodes, and has large and profitable welding operations in South Africa and Australia. BOC was looking closely at its remaining assets in this sector.

Esab, which is 50 per cent-owned by Asea, the diversified Swedish industrial group, has been on an acquisition spree for the past four years. It has aimed at becoming a leader in the world's overcrowded welding industry, and helping to restructure it.

Mr Bo Sandqvist, executive vice-president of Esab, said the company had examined the other parts of BOC's welding operations in the U.S., but its first objective was to establish a bridgehead in arc welding equipment.

"The main thing is that we will get access to a network of 300 distributors," he said. The company also retains the right to use BOC's Airco brand name.

Mr Sandqvist said Esab would be following the consumables segment of the business (stick electrodes and wire) in the U.S., anticipating that it would be restructured in much the same way as has happened in Europe. "We will participate in that," Mr Sandqvist predicted.

He estimated that the purchase from BOC would raise Esab's U.S. market share to about 10 per cent. The group already has strong position in the gas cutting segment, having acquired Heath Engineering 10 years ago.

The purchase of the Philips business, which has turnover of about Fl 135m ($40m), would raise Esab's European market share to about 25 per cent. Mr Sandqvist said the two acquisitions would be sufficient to push Esab's annual turnover, now running at SKr 3bn ($345m), ahead of that of Lincoln Electric of the U.S.

Lex, Page 16

W Germany warms to wider role for Ecu and EMS

By Jonathan Carr in Frankfurt

WEST GERMAN monetary authorities have become more positive about developing the European Monetary System (EMS) and its fledgling currency, the Ecu, due to the growing convergence of economic policies in the European Community.

The thaw in the West German attitude follows months of pressure from the European Commission and growing support at EEC summits for moves to strengthen the EMS.

Action in prospect will fall well short of any step towards economic and monetary union because of scepticism in Bonn and other EEC capitals. There now seems a real possibility, however, of agreements leading to a wider use of the Ecu in transactions between central banks.

West German monetary officials who were once cool to the EMS point out that the convergence of economic policy in the EEC – and the persistent strength of the U.S. dollar – has helped to give the system its longest period (20 months) free of parity changes.

France's decision last week to relax its exchange controls has been greatly welcomed in West Germany as a "change of philosophy" which it is hoped others – notably Italy – will also adopt to help to integrate the EEC's financial markets.

West German officials, however, are not confirming French claims that the exchange control measures are part of a package deal which includes specific action to develop the EMS by member governments.

Among the changes the West Germans are ready to consider, or are actively proposing, are:

● Allowing access to the Ecu for central banks of countries which are not members of the EMS but whose currencies are clearly linked to it.

● Widening the use to which Ecu stocks held by central banks can be put.

● Relaxing or removing the rule which prevents central banks from settling more than 50 per cent of their debts in Ecus.

● In return for this last concession, the West Germans would like to see central banks obtaining market-related interest rates on their net Ecu balances. At present, interest corresponds only to the weighted average of the official discount rates of the members' central banks.

All these changes relate to the "official Ecu" held by central banks, not to the "private Ecu", the use of which has spectacularly increased over the last few years.

CONTENTS

EUROPEAN NEWS

Yugoslav bid to placate Western creditors on debt rescheduling

BY DAVID BUCHAN AND ALEXANDAR LEBL IN BELGRADE

YUGOSLAVIA HAS moved to placate western creditors by modifying its apparently flat refusal last week to make any formal policy commitments to the International Monetary Fund, a prerequisite for the 1985-88 debt relief it is seeking.

Mr Vlado Klemencic, the Finance Minister, said in an interview that "We know that the IMF must play a role" in any multi-year rescheduling of Yugoslavia's foreign debts. "But taking into account political considerations, monitoring by the IMF will be the most simple way to do this," be said.

The Finance Minister explained that by "monitoring" be meant regular consultations such as Yugoslavia bas negotiated with the IMF in the last four years. However, Yugoslavia's western government creditors last week told Belgrade that only a standby programme involving formal policy commitments could be the basis for creditors agreeing to take postponed repayment of Yugoslavia's debts due over the next four years.

In a significant clarification of the Government position, Mr Klemencic said in his interview yesterday. "We are open to discussion" on the issue of Yugoslavia's future link with the IMF. An IMF team is due in Belgrade later this month.

Behind this public shadow-boxing with its creditors lie two crucial problems for Yugoslavia. The first is that in spite of considerable improvement in its external finances, it still faces debt maturities of \$13.85bn (£11.5bn) inthe next four years which it cannot hope to repay in ull. The second problem, senior Belgrade officials all make clear, is that after four years of IMF-supervised economic austerity, the federal Government can no longer afford to be seen in domestic political terms as under the Fund's thumb.

The officials complain that what they see as the IMF's legalistic and sometimes high-handed proceedures are weakening the Government's political credibility

Yugoslavia seems to wan to negotiate with the IMF some middle way between e formal standby agreement involving a letter of policy intent and the regular consultations which the fund bas with all its members.

Comecon 'willing' to look West

BY LESLIE COLITT IN BERLIN

AT THE END of its three-day meeting of Prime Ministers in Havana, the Soviet-led Comecon organisation said it was prepared to enter into wide-ranging economic co-operation with the West.

The 10-member economic group noted in a communique that such co-operation would bave to be based on mntual respect, equality, and non-interference in internal affairs. It reaffirmed a similar statement issued last June after the Comecon summit conference of Communist Party leaders in Moscow.

Comecon said its members were also prepared to co-operate with the West on other than economic matters with priority to be given to reducing the arms race.

The U.S. was condemned by the Communist countries for supporting "reactionary forces" in El Salvador and for its "threats of intervention" against Nicaragua and Cuba.

Sr Carlos Rafael Rodriguez, the Cuban Vice-President, said the Comecon representatives bad examined ways in which their countries could promote Nicaragua's economic development. He said Nicaragua needed "urgent aid" as a result of dangers posed by "external and internal counter-revolutionaries." Sr Fidel Castro, the Cuban President, and Mr Nikolai Tikhonov, the Soviet Prime Minister, also expressed their concern over increased tensions in Central America and the Caribbean.

The Communist Party daily Pravda said yesterday that the Soviet Union needed prohibition to overcome its growing alcohol problem but that such a measure would be impossible to apply, Reuter reports from Moscow.

In a deeply pessimistic article about the chances of fighting alcohol abuse, Pravda said vodka addiction had reached such a scale that it was causing enormous social problems, *hurting children* the most.

The contents of the communique were more political than is customary for Comecon, probably reflecting next week'a U.S. elections.

The communique spoke of the necessity for Comecon countries to reduce their oil consumption —about 90 per cent of the oil consumed by the smaller Comecon members comes from the Soviet Union. It also emphasised the need to establish close co-operation in the electronics field and especially in microelectronics production.

Prime Minister Tikhonov and President Castro signed a long-term economic, scientific and technological agreement which was the second such accord between Moscow and one of its allies within a month.

The Soviet Union wants to reduce Comecon's reliance on vital Western technology following U.S. moves to restrict access by Comecon countries to advanced western equipment and know-how. Early last month Moscow signed a similar 15-year agreement with East Germany, which in effect ties most of East German industry to the demands of the Soviet market. It stipulated that both countries would jointly work to develop their microelectronic industries with special emphasis on data processing and the production of microprocessors.

By closely linking key sectors of the Soviet and East German economies, Moscow wants to make certain that East Germany will not fall under West Germany's economic influence. Last summer the Soviet media accused West Germany of trying to "undermine" East Germany politically, using economic means such as loans. Although East Germany conducts only 10 per cent of its trade with West Germany and 74 per cent with Comecon, the West German share consists of many of the most advanced products.

Hungary attacks 'unfair prices'

By Our Berlin Correspondent

HUNGARY HAS abolished "unfair profits" as a punishable offence and has replaced it with "unfair prices" in a new law designed to bring the legal system into line with the country's economic reforms.

Justifying a new law on unfair business practices in Parliament, Dr Bela Szikszay, chairman of the Price Office, noted that someone could achieve a high profit by "working hard and efficiently." On the other hand, he said, low profits were not necessarily an indicator of fairness.

Dr Szikszay said the criteria for unfair business practives were no longer to be found in the "size of profits" but in economic activity which injures others and is expresed in an unfair price.

About 55 per cent of prices in Hungary are so-called "free prices" which in principle are governed by supply and demand. Dr Imre Markoja, the Justice Minister, told Parliament the new law was very important because in many economic areas "monopoly" producers were preventing "healthy economic competition."

The Hungarian Government has issued details of a new management reform which is to begin functioning next January. "Enterprise councils," not unlike the supervisory boards in West German companies, are to be established in most enterprises. In large atate companies these elected councils will have to confirm centrally-appointed managers while in smaller companies managers are to be directly selected by employees.

A Hungarian economic weekly has reported that Hungarian company bonds which have been issued since last year are now being traded for e few hourz a day et the State Development Bank in Budapest'a old Counting House.

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N. Sea clean-up strategy omits drastic measures

BY RUPERT CORNWELL IN BREMEN

A BROAD strategy to clean up the North Sea has been launched by its eight coastal states. But differences between them prevented agreement on drastic emergency measures to reduce pollution, which some of them believe are needed.

Herr Friedrich Zimmermann, the Bonn Interior Minister, hailed the outcome of the first full-scale ministerial conference on the North Sea, which ended in Bremen yesterday, as a "milestone" in environmental co-operation. But the practical results are bound to be a severe disappointment to the vociferous environmental lobby in West Germany in particular.

They are also in notable contrast to the ambitious demands put forward by West Germany until almost the eve of the meeting. These centred on a ban on all sea dumping of industrial waste, and the proclamation of the North Sea as a special area, similar to the threatened Baltic and Mediterranean.

Instead, a declaration signed by the eight countries – West Germany, Holland, France, Belgium, the UK, Denmark, Sweden and Norway – committed them to step up *surveillance* and *punishment* of offenders against existing maritime laws, and to intensify research on pollution from all sources.

The plan is now to review all at a follow-up conference which Britain, generally seen as the most determined opponent of immediate action, will organise in London either in late 1986 or early 1987.

The review applies in particular to the vexed question of whether the North Sea should be given "special area status," *something sought* by West Germany, Sweden and Denmark. Britain, on the other hand, is determined to allow recently activated provisions under the Marpol maritime agreement time to *show their worth.*

Mr William Waldegrave, the UK Environment Minister, claimed yesterday that these provisions, if properly enforced, offered a potential cut in pollution by oil spillages of 80 per cent.

Bank hits at Ireland's plan for economy

By Brendan Keenan in Dublin

THE IRISH coalition Government's three-year economic plan is inadequate as a means of dealing with the country's problems, the Irish Central Bank says in its quarterly bulletin published today.

The bank has always taken an independent line on the economy, but, given the importance of the plan to Dr Garret Fitzgerald's Government, there will be surprise at the sharpness of the criticism.

The Opposition is likely to seize on the bank's strictures, but the bank's prescriptions are noticeably different from those of Mr Charles Haughey, the Opposition leader, who has stressed the need to reduce Ireland's 16 per cent unemployment rate.

Instead, the bank in an implicit criticism of Dr FitzGerald's own defence of the plan's modest targets, says concern for the immediate employment effects of reducing government borrowing are mistaken.

"In adopting a lower rate of adjustment, higher output and employment now are being exchanged for larger cuts in output and employment in the future," it says.

The bank describes the plan's target of cutting the current budget deficit from the present 7 per cent of Gross National Product (GNP) to 5 per cent by 1987 as "inadequate."

The Government is missing the opportunity provided by present favourable world economic conditions and is insufficiently concerned about the effects of high taxation on enterprise, it adds.

CONTROVERSIAL PLAN TO MOP UP STOCKS OF RADIOACTIVE ELEMENT

French N-plants may use plutonium

BY DAVID MARSH IN PARIS

FRANCE IS stepping up plans to provide electricity utilities with plutonium for burning in light water nuclear power stations in order to "mop up" stocks of the radioactive element otherwise expected to accumulate in coming years.

Electricite de France, the state power utility, is expected to make a decision over the next six months on introducing mixtures of lightly-enriched uranium and plutonium into its burgeoning network of pressurised water reactors (PWRs) by around 1987-88.

Utilities in other countries, including Belgium, West Germany, Switzerland and Japan, are also keen to introduce so-called "mixed oxide" or MOX fuel assemblies (made of mixtures of plutonium and uranium oxides) in their power plants as a means of cutting fuel costs.

Until now, MOX use internationally has been small and largely experimental. The new plans are controversial because they will entail a greatly increased flow of plutonium around fuel fabrication plants and nuclear power stations which previously have handled only uranium. They could also draw opposition from the U.S. Government, which has attempted to put legal checks on international plutonium movements in recent years.

Plutonium presents much greater risks than uranium fuel not only because of its higher toxicity but also because of its potential use in making atomic bombs – although the plutonium circulating in the nuclear industry is normally not of military-grade purity.

Plans for MOX use are, however, being pressed because of the increasing quantities of plutonium scheduled to be produced in nuclear reprocessing plants, above all in France, over the next decade or so.

The French reprocessing plant at La Hague, on the Cherbourg peninsula, which separates spent uranium fuel from nuclear plants in France and abroad into plutonium non-fissile uranium and waste products, is the world's only commercial reprocessing complex for light water fuels.

It is building up spent fuel handling capacity from the present 400 tonnes a year able to separate roughly four tonnes of plutonium – to 1,600 tonnes by the early 1990s which would produce 16 tonnes of plutonium.

Until recently, the nuclear industry consensus was that the separated plutonium would be largely used up in the cores of fast breeder reactors (FBRs) coming on stream in the 1990s. Need to prepare the initial five tonnes of plutonium in the core, as well as subsequent re-loads for the French Superphenix FBR has led to a plutonium shortage, for non-military use, in France

However, the slow pace of decision-making on future FBRs, which burn plutonium and non-fissile uranium and also have the possible capability of generating fresh plutonium supplies over a 30-year cycle, has changed the outlook.

M Jean-Pierre Mustelier, head of the nuclear fuel division at the French state-owned nuclear company Cogema, said: "The fast breeder slowdown will leave us with more available plutonium than expected."

According to estimates at Cogema, which runs the La Hague complex as well as France's military and civil uranium enrichment plants and a stream of other nuclear activities, EdF could be using 30 to 40 tonnes of mixed oxide fuel, containing roughly two tonnes of plutonium, by the early 1990s.

Dutch Government 'will not back' private polder project

BY OUR AMSTERDAM CORRESPONDENT

THE Dutch Environment Minister, Mr Peter Winsemius, said yesterday that the Government was not prepared to provide private investors with a Fl 1.5bn guarantee for the construction of the Markerwaard, the Netherlands' last intended polder in the Ijsselmeer.

He said the country had many more pressing problems, such as urban renewal, which had higher government priority – a point made earlier this week by Mr Ruud Lubbers, the Dutch Prime Minister.

Despite this setback, investors, backed by several companies in the neighbouring Flevoland polder, say they intend going ahead with plans to raise Fl 200m in shares and the rest through loans from insurance and pension funds.

Mr Willem Witkamp, chairman of the investors group, said he felt sure the necessary money could be raised without government guarantees.

The planned 27-year project involves the reclamation of 43,000 hectares of land, most of which would be used for agricultural purposes, with 8,000 hectares being reserved for housing and recreation projects. The group expects to make a long-term net profit of Fl 250m by selling the land at Fl 4 per square metre to the Government and local farmers.

The Finance Ministry in The Hague estimates that the new polder could make Fl 1bn in profits, but critics warn of the possibility of additional liabilities being incurred through houses subsiding and water quality deteriorating

A spokesman for the town council of Marken which lies adjacent to the Markervaard, said: "Properties here already sink by one centimetre a year and, if this new polder goes ahead, the sinking will increase and cause serious structural damage to many houses."

Environmental organisations have campaigned for some time for the Government to halt its plans for the Markervaard on the grounds that it would upset the delicate ecological balance of existing lakes and marshes while ruining the area's recreation and fishing prospects.

Investors argue, however, that jobs lost by local fisherman would be more than compensated for by the creation of over 27,000 potential man-years of work in the new polder.

Greeks criticised over Turkish business links

BY ANDRIANA IERODIACONOU IN ATHENS

GREEK BUSINESSMEN involved in an effort to improve relations between Athens and Ankara through contacts with Turkish colleagues, are facing questions and sharp criticism at home. The Greek Government froze all dialogue with Turkey, after the unilateral declaration of an independent state in Turkish-occupied northern Cyprus one year ago.

Public debate on the subject erupted last week after a meeting in Athens between Mr Lazaros Efraimoglou, president of the Athens Chamber of Commerce and Industry, and Mr Mehmet Yasar, head of the Federation of Turkish Chambers of Commerce and Industry.

The two men reportedly agreed to arrange an exchange of journalists between Greece and Turkey and discussed the possibility of following this up with an exchange of trade missions.

Press criticism of the meeting was led by the Athens daily Ta Nea, which is generally believed to reflect closely the views of the Government. The paper accused Greek businessmen involved of betraying the national interest.

Mr Efraimoglou defended his position yesterday by saying the progress of discussions with the Turkish side on business and economic issues "will depend on the general political climate between the two countries, which could help or hinder it."

Athens increases farm exports to Community

BY OUR ATHENS CORRESPONDENT

GREECE's agricultural trade with the EEC, which began to recover last year from record deficits produced by accession to the Community in 1981, has continued to improve in the first half of 1984, the Greek Agriculture Ministry announced.

Greek exports to the Community in the first six months of 1984 increased 49.5 per cent, while imports rose only 19.3 per cent, according to ministry figures.

The trade deficit reached Dr 2.1bn ($18.8m) compared with Dr 9.6bn in the first half of 1983.

In 1980, the year before accession, Greece enjoyed a surplus of about Dr 6bn in its farm trade with EEC countries. This was transformed into a deficit of Dr 10bn in 1981, and about Dr 20bn in 1982, but the deficit was slashed by about 57 per cent in 1983, thanks to an increase in vegetable, fruit and olive oil exports to the Community and a decrease in cereal imports.

These trends are understood to have continued in 1984.

Meanwhile, it was announced in Athens that the European Commission is to consider this month a Greek application to be allowed to continue to impose import quotas on furniture, tiles and bathroom fittings from the EEC in 1985.

Last January the Commission approved import quotas for these products, as well as cigarettes, for the first ten months of 1984.

Swedes curb SA trade

BY DAVID BROWN IN STOCKHOLM

THE SWEDISH Government yesterday introduced legislation to sharpen restrictions on investment by Swedish companies in South Africa.

The Bill tightens loopholes in the existing law which prohibits such investment without special dispensation by forbidding companies from leasing instead of buying equipment, and expands reporting requirements.

The Government recommends that public agencies limit sport, cultural and scientific contacts with South Africa, and has entered into discussions with other partners in the SAS Scandinavian airline to end the weekly service to Johannesburg.

The Bill, strongly opposed as ineffective by the Federation of Swedish Industry, aims "to change the South African social system and eliminate apartheid," said Mr Mats Hellström, the Trade minister.

"It is true that other countries might take Swedish market shares, but this is a price we have to pay," Mr Hellström said, "we hope this law will set an example and lead to further steps by other governments.

Swedish exports to South Africa from January to July this year climbed by 75 per cent to SKr 955m ($110m) against the corresponding period a year earlier.

Mr Hellström dismissed a total trade boycott as unenforceable.

The new legislation is expected easily to obtain parliamentary approval.

New Porsche sports car

By John Griffiths in London

A PORSCHE sports car with a basic price of over DM 370,000 ($122,000) will go into production in Stuttgart next year.

The 959 model, the first Porsche with four-wheel-drive, will be three times as expensive as any current model, despite being based on the 17-year-old Porsche 911 design.

Porsche is to build "at least 200" of the cars for sale to the public.

It has an ulterior motive for doing so: this is the minimum production run permitted for the cars, in further developed form, to be allowed to compete in world championship racing. An additional 20 racing cars are to be built.

British airlift still waiting for go ahead

By Our Foreign Staff

The British airforce's planned emergency airlift to Ethiopia remained on hold last night as negotiations continued with the Addis Ababa authorities to secure permission to land at the capital for three RAF Hercules aircraft which had been due to leave Britain on Wednesday.

The Ethiopian Government cited congestion at Addis Ababa international airport as the reason for their refusal to grant clearance to land.

Several private chartered craft, including one British Airways TriStar organised by the Mirror Group of Mr Robert Maxwell and aircraft from Ireland and West Germany, have landed or are en route to Addis Ababa.

Ethiopian officials are believed to be concerned that a serious bottleneck could develop at the airport in the next few days, especially when aircraft begin arriving for next week's summit in Addis Ababa of the Organisation of African Unity (OAU).

● Soviet transport planes carrying supplies and helicopters will leave for famine-stricken Ethiopia today and more aid is on its way by ship, the Ethiopian ambassador in Moscow said yesterday, Reuter reports from Moscow.

Patchy European response to Ethiopian drought

BY OUR FOREIGN STAFF

THE HIGH pitch of emotionalism which has characterised the response in Britain to television pictures of drought-ravaged Ethiopia has not been repeated, on the whole, in continental Europe.

British and Irish-led calls for emergency aid for Ethiopia in the European Parliament have had to compete with French-inspired motions calling for famine relief for all the countries of the Sahelian belt along the fringes of the Sahara. Many of these countries are former French colonies.

While some 6m people are believed to be at risk from drought in Ethiopia, the United Nations said recently that a further 29m are in desperate need of help in 18 African countries. The drought extends from Mauritania on the continent's West Coast to Ethiopia in the East, and has hit substantial portions of Southern Africa.

The European Community's aid effort has reflected the wider scope of the crisis, with the Ecu 32m (£20m) voted through in haste this week due to go not only to Ethiopia but also to Chad, Mali, Mauritania and Niger in the Sahel. A further Ecu 25m will go to the same areas after January 1.

Of the 10 European Community countries, Italy has so far come up with the largest bilateral pledge of emergency aid, agreeing to provide L16bn (£8m). Ethiopia was under fascist rule from Rome between 1935 and 1941.

Government contributions from West Germany have so far been limited to 500 tents worth DM 165,000 (£45,595), although it has been a major contribution through the EEC.

Media coverage of the Ethiopian disaster has been relatively low key in France, which has recently donated 1,500 tonnes of cereals in emergency aid. There has been a strong emotional and financial response in Sweden.

Undoubtedly, public outcry at the shocking television scenes of death and misery has been most intense in Britain, where the British charity Oxfam has recorded public donations of over £1m in under a week, with several hundred thousand more pouring into other charities.

An airlift including more than 20 aircraft, privately chartered or provided by governments, is underway and the British government has pledged £5m in emergency drought assistance.

The U.S. government has put aside its complaints that the Addis Ababa authorities were failing to co-operate with relief effort promising $45m in new food assistance in fiscal 1985.

Nato to study anti-radar missile

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

SEVEN NATO governments have agreed to fund studies for a new anti-radar missile as part of a planned programme of heightened arms collaboration within the Western alliance.

Armaments directors of the seven countries — Belgium, Britain, Canada, Germany, Italy and the Netherlands—reached agreement in Brussels last month to conduct a feasibility study for a new short-range anti-radar missile (SRARM) which would be designed to attack radar targets on the battlefield.

The project is expected shortly to be put out to tender to international industrial consortia. The studies would be expected to last 12-15 months and to cost $10-15m.

The arms directors' decision comes less than three weeks before this month's meeting of the Nato-affiliated Independent European Programme Group, Ministers of Defence from most of Nato's 16 members, including France, are expected to attend the IEPG gathering in The Hague in an effort to give political impetus to the joint production of weapons systems.

Such collaboration has a long but not particularly happy history. Some projects between small groups of nations—like the Anglo-German-Italian Tornado attack aircraft—have been successful, but the Nato allies have yet to develop a coherent and wide-ranging arms collaboration policy.

The arms directors' agreement on the anti-radar missile could ultimately lead to sales as important as those for its long-range counterpart, which is not the subject of intergovernmental collaboration.

As mourners jostle to see Mrs Gandhi's body and sectarian rioting flares, **John Elliott** in New Delhi outlines her son's most pressing task

Tears and tear gas, fighting and flowers

ALL THE CHAOS, emotional excitement and rough justice thet dominates daily life in India was evident in the gardens of Teen Murthi House in New Delhi yesterday, as thousands of young people fought and jostled for a view of their assassinated Prime Minister lying in state.

There was no room or allowance for the weak or the elderly. They crawled out from the teeming mass to take shelter at the feet of Press photographers or collapsed in one or two cases with heart attacks. Some were injured as they fell in the throng.

Police wielding five-ft-long bamboo truncheons, called lathis, laid into those who moved too far, too fast, driving a crowd that threatened to overwhelm Mrs Indira Gandhi's body back whenever it became too restive.

When the police became overwrought and the main gates of the garden were under pressure, tear-gas shells were fired, turning the relatively good-humoured tension into something reminiscent of India's uglier riots.

From all round the gardens came chants in Hindi of "Indira Gandhi is immortal" and "Your name will live as long as the sun and the moon."

The three-day lying-in-state started at 6.30 yesterday morning. The gun carriage, draped with the green, white and orange tricolour, was lying just inside the main door of what had been the home of her father Jawaharlal Nehru when he was Prime Minister. It is now a Nehru museum and the backcloth for a nightly son-et-lumiere on the Nehru family.

Dressed in a pale beige sari covered with garlands of flowers, Mrs Gandhi's body was propped up, so thet her uncovered face could be seen. The people moved past a couple of feet from her body in a crowd ten deep

They threw flowers, which were caught with the aplomb of a slip fielder by a couple of security guards protecting Mrs Gandhi's face. Four or five other security men stopped the crowd invading the doorway and overturning the body.

A cremation site is being prepared on the banks of the Jamuna River near the memorials to her father and her younger son Sanjay.

The cremation will take place at 4.30 pm on Saturday but the site work will be done only after Mr Rajiv Gandhi, her older son and successor has personally approved the site.

Healing the wounds is Rajiv's challenge

AT THE beginning of this week, meny political observers in New Delhi would have given Mr Rajiv Gandhi only an outside chance of one day succeeding his mother as Prime Minister. Yet within a few hours of her assassination on Wednesday all senior central government Ministers and Congress (I) Chief Ministers in the country had approved his succession, apparently without demur.

They included two key figures who themselves might have expected to take over, at least temporarily, till considered judgments could be made.

One is Mr Pranab Mukherjee, 48, Finance Minister for the past couple of years and a man who was one of Mrs Ghandhi's closest confidantes. He had been nominated by Mrs Gandhi in the past to take charge of the Government when she left India and could, therefore, have been expected to step into the breech.

But he has no political base, a member of the Rajya Sabha (upper house) of Parliament, where people are elected by state governments, not the popular vote. He is said to be incapable of getting mass support in his Marxist ruled home state of West Bengal.

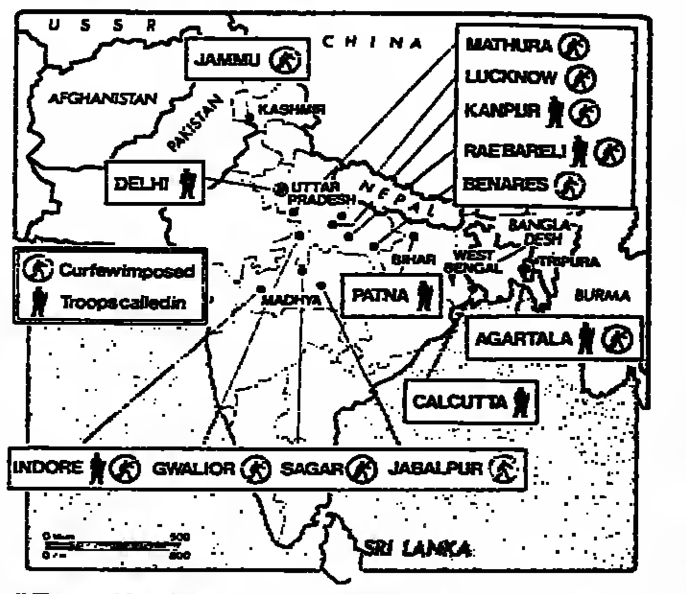
The second man is Mr Narasimha Rao, 63, who became Home Minister recently after holding the External Affairs post from 1980. He comes from Andhra Pradesh in South India and it is often said that the country is not yet ready for a Prime Minister from the South. He also has no charisma and has almost certainly lost his political base in Andhra, where the sacking of the state's Chief Minister, Mr N. T. Rana Rao, was widely attributed to the Congress Party.

That neither man was thought suitable is a reflection on the huge gulf that exists between the people's perception of the Nehru family, of which Rajiv is the third Prime Minister, and the rest of India's politicians.

The Congress (I) party of the Gandhis has other senior figures: Mr Nerayan D. Tiwari, who recently moved from being Industry Minister to be Chief Minister of Uttar Pradesh; Mr R. Venkataraman, who recently gave up his job as Defence Minister to become Vice-President; and Mr Vasant Sathe, Minister for Chemicals and Fertilisers, who has hit the headlines recently canvassing for a constitutional change to introduce an executive Presidency.

But ell these men apparently decided that there was only one man — Rajiv — who could hold the country together in e sudden crisis so that they could all remain in power. If any one of them had opened a debate about an alternative Prime Minister, even only as a temporary appointment, the status quo would have been upset.

It is generally thought now that Rajiv Gandhi should go for a quick election, well within the mid-January constitutional deadline, so as to cash in on the emotion and grief over his mother's death.



"He would gain a landslide victory because everyone would be voting for his mother's name, not for him," said one observer.

But first he has to return the country to a state of law and order, for an election could increase the violence. If he were to win it would be up to him to prove thet he is more than just a compromise candidate chosen by anxious men.

His mother became Prime Minister in similar circumstances in 1966 and quickly proved that such a compromise can produce one of the world's most dynamic and determined leaders.

Mr Gandhi's first priority will be to deal with the potentially crippling confrontation that has broken out between the Sikhs and the country's majority community, the Hindus. Yesterday saw the most widespread and worst clashes ever between the two communities and if the violence continues it would pose a threat to Mr Gandhi's administration.

Linked with this is the problem of relations between Pakistan end India. The Sikhs' home state, the Punjab, borders Pakistan. India often accuses Pakistan of assisting Sikh extremists end the Sikh call for an independent state has implications for the relationship between the two countries.

President Zia ul Haq of Pakistan, who was personally despised by Mrs Gandhi as a dictator, has already made approaches to her son suggesting a new attempt at friendship between the two countries. This is likely to be taken further when the Pakistani delegation arrives in Delhi for Mrs Gandhi's funeral.

The other immediate issue for Mr Gandhi is the role of the army in India. When the army was moved into New Delhi yesterday to take over from the police, it was yet another demonstration of the way that the Government has become increasingly reliant in recent years on the troops.

This has raised questions about whether army officers will become impotient at being celled out in times of crisis and demand a larger say in the running of the country.

This question is complicated by the large role played by Sikhs in the army. The only turbanned head visible at Mrs Gandhi's lying in state yesterday was thet of a top army officer standing inside the house where the body lay.

If the army is expected to control riots between Hindus and Sikhs over a long period, the stability of the forces could come under threat.

Indian credit almost complete, Page 17

Zia offers 'peace offensive'

ISLAMABAD—Pakistani President Zia ul-Haq yesterday offered to co-operate with Mr Rajiv Gandhi, India's new Prime Minister, in improving the brittle relations between the two countries.

Islamabad has not announced who will attend Mrs Gandhi's funeral tomorrow, but Western diplomats said they expected President Zia to head the delegation.

Tha Press Trust of India said yesterday, that President Zia would attend Mrs Gandhi's funeral, although there was no official confirmation of this in Islamabad last night.

Senior officials here also said Pakistan had launched a "peace offensive" in the hope that India's leader would be less hostile towards Pakistan than his predecessor.

President Zia said Pakistan extended sincere good wishes for Mr Gandhi's success. "I would also like to assure you of the full support of the Government of Pakistan in efforts to build a relationship of trust and confidence between our two countries and create a secure and tranquil environment in our region."

● Zhao Ziyang, the Chinese Premier, yesterday called for improved ties with New Delhi as Peking reacted cautiously to Mr Gandhi's appointment. Yao Yilin, vice-Premier, will attend Mrs Gandhi's funeral.

Agencies

Algerian military parade a warning to neighbours

BY FRANCIS GHILES IN ALGIERS

ALGERIA yesterday held a military parade to commemorate the 30th anniversary of the uprising against the French which led to its independence. It was the first for five years and was designed to act as a symbolic warning to Morocco and Libya, who declared their union in August.

As if to underline the present division in the Meghreb, President Habib Bourguiba of Tunisia was present but Libya, once a close ally of Algeria was represented by Major Jalloud, Col Muammer Gadafy's second in command.

Morocco's Foreign Minister, Mr Mohamed Belkziz had arrived for the event but it was impossible to tell whether he had attended the parade; the presence of Mr Mohammed Abdelaziz, President of the "Saharan Arab Democratic Republic" made matters delicate. Morocco has been fighting a war with Polisario guerrillas backed by Algeria in the Western Sahara for nine years.

President Chadli Benjedid of Algeria was flanked by eight newly-created generals took the salute, surrounded by a host of foreign dignitaries

Troops barricade townships in SA police operation

BY ANTHONY ROBINSON IN JOHANNESBURG

THE failure of tha combined army/police raid on three Vaal townships last week to curb unrest led to a further combined police/army raid on Bolpatong and Sharpeville on Wednesday, the police revealed yesterday. The operation was, however, on a much smaller scale than last week when a combined force of 7,000 men combed Sebokeng, Bolpatong and Sharpeville.

Troops were used to set up barricades and, cordon off the townships but were not employed inside the townships

Meanwhile, two of the main black trade union federations, the Federation of South African Trade Unions (Cusa), have joined with various township civic associations, student groups and the United Democratic Front (UDF) in proclaiming a two-day work stayaway in major industrial areas of the Transvaal next Monday and Tuesday.

In Port Elizabeth, in the eastern Cape, scene of widespread unrest in recent months, Ford's South African subsidiary will lay off another 235 salaried and hourly paid employees today, bringing total layoffs by the company to 660 over the last two months.

Arafat calls crucial PLO meeting

By Tony Walker in Tunis

THE Palestine Liberation Organisation has decided to hold a crucial parliamentary session by the end of this month, probably in Amman, according to a senior representative of the Palestine Liberation Organisation.

Mr Khaled al-Hassan, a member of the central committee of Mr Yassir Arafat's mainstream Fatah group, the largest within the PLO, said a decision had been made in Tunis to go ahead with a meeting of the Palestine National Council, the Palestinian parliament-in-exile.

This was despite strong Syrian opposition to such a meeting. Mr Hassan said the PLO was determined to hold the PNC session and it would take place in Amman if Algeria and South Yemen would not provide a venue.

Both countries have been under immense pressure from Syria not to agree to host a PNC meeting at which Mr Arafat would receive fresh endorsements as leader of the PLO. Syrian-backed factions have been insisting that Mr Arafat be removed as leader of the organisation.

Mr Hassan was confident of a quorum at a meeting in Amman, even though it is unlikely that Damascus-based factions would take part. Syria is reported to have made it clear to PLO representatives they would not be welcome back if they attend a PNC.

The absence of Syrian-backed groups at a PNC meeting would almost certainly mark a decisive break between radical and moderate wings of the PLO.

Mr Arafat's failure at this point to get agreement among the disparate factions of the PLO on the holding of a PNC appears to undermine his position. But the PLO leader appears to have arrived at a point where he believes he had not much to lose by defying the radicals.

Talks on Israeli withdrawal from Lebanon to start on Monday

BY DAVID LENNON IN TEL AVIV

ISRAEL AND Lebanon will begin talks at a military level next Monday on the terms for a withdrawal of Israeli forces from Lebanon and the establishment of security arrangements in the vacated territory.

The negotiations, which will begin after 29 months of Israeli occupation, are to be held at the headquarters of the United Nations Interim Force in Lebanon (Unifil) at Nakoura on the Lebanese coast

The conference was convoked by the UN Secretary General at the request of the new Israeli Government which is anxious to end the highly controversial occupation of the southern third of Lebanon which began with the invasion of June 1982.

Mr Yitzhak Rabin, the Defence Minister, said yesterday he hoped the discussions can concentrate on practical issues and reach a speedy conclusion. The talks will centre solely on military issues.

A previous withdrawal agreement, concluded with U.S. help on May 17 last year, contained some political gains for Israel. After Syria objected, the Lebanese Government revoked the treaty.

Foreign Ministry officials here said they assumed that Lebanon's agreement to next week's talks had been approved by Syria. They hope this indicates a Syrian willingness to reach an understanding with Israel over the movement of Syrian forces in Lebanon.

Mr Richard Murphy, the U.S. Assistant Secretary of State, who made some preliminary soundings of Syrian intentions a few weeks ago, returned to the region this week and met yesterday with Israeli leaders. He will be going on to Damascus to gauge Syria's willingness to agree to keep its forces out of areas from which the Israeli forces withdraw.

● Syrian Vice President Abdul-Halim Khaddam said yesterday his country approved Lebanon's talks with Israel, AP reports. However Syria was not prepared to give Israel any guarantees that Syrian forces or Palestinian guerrillas would stay out of south Lebanon after an Israeli pull-out.

China continues nuclear testing at ground level

BY MARK BAKER IN PEKING

CHINA has revealed that it is maintaining extensive facilities for atmospheric nuclear testing despite international concern about the dangers of above-ground tests.

A report by the official China News Agency has indicated that while China has switched the emphasis of its nuclear weapons research to underground testing, atmospheric tests are continuing.

The report says China's giant nuclear research base at Lop Nor in Central Asia maintains facilities for tests "on the ground, on towers in the air, by missiles" as well as in horizontal tunnels and vertical shafts underground.

It quotes the former commander of the base, Zhang Zhishan, as saying that China's nuclear programme has "experienced the process" of developing from tests in the air to underground tests.

"At present China is mainly carrying out underground nuclear tests," Zhang said.

Western governments believed China had halted atmospheric testing. During a visit to Peking in February, Mr Robert Hawke, the Australian Prime Minister, said it was believed China had not tested above ground since late 1980.

Mr Hawke said he had expressed the strong hope to Zhao Ziyang, the Chinese Premier, that China would not resume such testing.

The China News Agency gives a graphic description by one of its journalists of a visit to the 100,000 sq kilometre test area, in the far western province of Xinjiang, where China exploded its first nuclear device in 1964.

China, a vigorous critic of the Soviet Union and the U.S. on their lack of progres on disarmament, claims that it keeps nuclear weapons merely as a symbolic deterrent.

But the Chinese have been pressing ahead with their weapons programme and by last year had developed a nuclear-powered submarine capable of firing 16 missiles a distance of

At the end of last year the Chinese admitted for the first time that there had been a major nuclear accident in the Lop Nor test area in 1969

Gulf states may build oil pipeline to Indian Ocean

By Richard Johns in Geneva

CONSERVATIVE Arab oil producing states of the Gulf have approved in principle a joint project for building an oil pipeline from the United Arab Emirates to the Indian Ocean, bypassing the Straits of Hormuz.

Oil ministers of the Gulf Co-operation Council decided here yesterday to appoint a technical committee to study the feasibility of the project at a meeting chaired by Sheikh Abdel-Aziz bin Khalifa al Thani, Qatar's Minister of Finance and Oil.

Members have not yet agreed on what the capacity should be, he said. It is believed that the Emirate of Fujairah, rather than Oman, is favoured for the terminal.

Sheikh Abdel-Aziz said the GCC — grouping Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates — is to establish another working party to examine a scheme for a gas grid.

The six ministers also discussed a plan for a common GCC oil stockpile. They were reluctant to discuss details.

The miners' strike, 1984. As described in The Economist, 1978.

They saw it coming

In 1978, when the Conservative party was preparing for the general election, *The Economist* annoyed it by publishing its policies for the nationalised industries. This cannot, said most readers, really be what the Conservative party means to do. From our issue of May 27, 1978, read on:

"A copy of the final report of the Conservative party's policy group on the nationalised industries has reached *The Economist*. It has been drafted by the radical right-wing MP, Nicholas Ridley, and is likely to cause a humdinger of a row…

…In an annexe to this report, Mr Ridley and some of his co-authors have been pondering how to counter any "political threat" from those they regard as "the enemies of the next Tory government". They believe that in the first or second year after the Tories' election, there might be a major challenge from a trade union either over a wage claim or over redundancies. They fear it may occur in a "vulnerable industry" such as coal, electricity or the docks and have the support of "the full force of communist disrupters". They would like a five-part strategy for countering this threat:

- Return on capital figures should be rigged so that an above-average wage claim can be paid to the "vulnerable" industries.
- The eventual battle should be on ground chosen by the Tories, in a field they think could be won (railways, British Leyland, the civil service or steel).
- Every precaution should be taken against a challenge in electricity or gas. Anyway, redundancies in those industries are unlikely to be required. The group believes that the most likely battleground will be the coal industry. They would like a Thatcher government to: (a) build up maximum coal stocks, particularly at the power stations; (b) make contingency plans for the import of coal; (c) encourage the recruitment of non-union lorry drivers by haulage companies to help move coal where necessary; (d) introduce dual coal/oil firing in all power stations as quickly as possible.
- The group believes that the greatest deterrent to any strike would be "to cut off the money supply to the strikers, and make the union finance them".
- There should be a large, mobile squad of police equipped and prepared, to uphold the law against violent picketing. "Good non-union drivers" should be recruited to cross picket lines with police protection."

The Economist

AMERICAN NEWS

Jimmy Burns in Santiago reports on the growing unrest in Chile

Pinochet's tactics spur Opposition

Chilean police arrest a demonstrator in Monday's protest

THE VIOLENCE of Chile's street demonstrations on Monday and general strike on Tuesday point to a qualitative change in the opposition to the military regime of General Augusto Pinochet. But the new, tougher tactics adopted by the Government have left few in any doubt that the President intends to hang on to power whatever the odds.

In spite of Government claims to the contrary, the general strike, the first in 11 years of military rule, seems to have been a great deal more successful than many predicted. The city of Santiago was brought to a halt by the virtual paralysis of the bus service and the security forces failed to prevent the violence in the suburbs from spilling over into the centre of the capital.

The poor neighbourhoods which dot the outskirts of Santiago became virtual "no-go" areas, with barricades set up, Molotov cocktails thrown and tyres burned.

Until recently the Government has been successful in insulating the poor areas from a wider sector of public opinion, but tension there has increased in response to the brutal tactics adopted by the paramilitary carabineros, and to the recent economic measures, including a 23.6 per cent devaluation of the peso, which have greatly increased prices.

Before the general strike trade unions had demanded higher salaries and a freeze on the price of basic necessities, but some union leaders, including the head of the important copper workers, thought that people would ignore the strike call for fear of being laid off. But poverty is now reaching such extremes that many were prepared to take the risk.

But the change in the tactics of the regime may be even more significant. By ruling out any possibility of dialogue with the Opposition, President Pinochet appears to have signalled the end of a limited relaxation of policy which had been remarkably successful in confusing and weakening the political parties.

Until this week some moderates in the Opposition had thought that a veiled suggestion that the regime might consider Congressional elections before 1989—the date the constitution fixes for the presidential election—plus the return of several hundred exiles, a draft law envisaging the legalisation of political parties, and the lifting of censorship meant that a negotiated transition to democracy might be possible.

This attitude had separated into rival factions the two main Opposition groupings, the Christian Democrat Alianza Democratica and the Communist-led MDP, unable to agree on the lessons to be drawn from the past or the strategies to be applied in the future.

In contrast to the cautious strategy favoured by the Alianza, the Chilean Communists a few weeks ago publicly announced their support for a violent overthrow of the regime and their tacit approval of a spate of terrorist bombings.

The split in the Opposition was evident in the Communist refusal to back the Christian Democrat-inspired "constitutional pact"—a manifesto uniting all civilian groupings in a common commitment to Parliamentary democracy and the defence of human rights. The Christian Democrats, for their part, refused to support this week's protests.

Such divisions could now dissipate, however.

The success of the strike, coupled with President Pinochet's refusal to talk is expected to close Opposition ranks with the Alianza turning more militant so as not to risk being outflanked by the MDP.

The Alianza continues to seek inspiration from the Church, which is adopting an increasing critical distance from the regime. The Bishops have publicly insisted on a definite timetable for an early transition to democracy and warned that the inflexibility of President Pinochet can only lead to increased violence and social disruption.

President Pinochet may look to be coming under more pressure from his one-time ally, the U.S. Government, which is understood to be increasingly worried that the political situation in Chile could get out of control. This was hinted at in the State Department's expression of "deep concern" earlier this week following President Pinochet's uncompromising public statements.

It is no small irony that the same regime which 11 years ago was seen by Washington as the main bastion against Communism is beginning to gain the reputation as the principle destabiliser in the Southern cone.

President Pinochet's ability to survive such pressures continues to hinge on his control of the armed forces. There has been nothing like the Falklands war which exposed military rivalries in Argentina and unleashed the civilian opposition against the discredited men in uniform.

On the contrary, in Chile Gen Pinochet has not only kept his men out of a potentially humiliating conflict by ending the longstanding territorial dispute with Argentina over the Beagle channel; he has also courted and spoilt them to the point that he enjoys virtually absolute loyalty.

Wages of all ranks have been kept high and the three services have been entitled to a seemingly endless supply of sophisticated weaponry, thanks to a defence budget estimated at over $1.6bn so far this year.

In spite of these palliatives, however, some cracks have begun to appear in the hitherto solid military edifice—Airforce Commander Brigadier Gen Fernando Matthei is increasingly distancing himself from President Pinochet's uncompromising attitude towards the opposition.

"The only way I am going to leave the Presidency," declared Gen Pinochet recently, "is feet first." But there are at least some officers who are apparently unwilling to tempt fate so openly.

Reagan attacked for slur on Ferraro

By Reginald Dale, U.S. Editor, in Washington

DEMOCRATIC leaders angrily attacked President Ronald Reagan yesterday for suggesting that Ms Geraldine Ferraro, the party's history-making vice-presidential nominee, had been chosen just because she was a woman, not because she was particularly qualified for the job.

The outcry erupted as Mr Reagan began a final, almost nostalgic five-day campaign swing across the nation in a last bid to bring out the Republican vote in Tuesday's elections.

Win or lose, Mr Reagan's long-standing supporters were only too aware that this must be the last time he will run for public office after 20 years in the political limelight.

"There's a kind of sadness to knowing we're beginning the final chapter," said Mr Michael Deaver, White House Deputy Chief of Staff. "I think election night is going to be very hard."

Mr Reagan provoked the Democrats in an interview published on Wednesday, in which he said Ms Ferraro's selection "wasn't that big a move."

"I guess what I'm saying is that that move must be based not just purely on the sex of the candidate, but must be based also on the qualifications of the candidate," he said.

Mr Walter Mondale, the Democratic presidential challenger, immediately responded that his running-mate was "far better prepared for her position that Mr Reagan was when he was elected."

"No one has ever accused this President of ever applying himself or understanding the issues," he said.

Ms Ferraro said she had amply demonstrated her capabilities during the three-month campaign and in her televised debate with Vice-President George Bush last month. She challenged Mr Reagan to bedate her on the issues if he had "any doubts about my substance."

Ms Ferraro added that she was not the one who had indicated, as Mr Reagan had, that the only alternative to the Marcos government in the Philippines was communism or that deficits had no effect on interest rates.

On the contrary, Ms Ferraro's message in the last few days of her campaign has been that she broke the barriers of discrimination" with her nomination.

Ms Ferraro is reaching out for what she believes to be an untapped reservoir of votes for the Democrats among women and the underprivileged.

Her calculation appeared to be borne out yesterday by Mr Louis Harris, the pollster. He said considerable numbers of voters might switch to the Democrats to show their approval of Ms Ferraro if they thought Mr Reagan was about to be re-elected in a landslide.

Mr Reagan started his final 10-state swing in Boston, in the heart of the Congressional district of his political enemy, Mr Tip O'Neill, the Democratic Speaker of the House of Representatives.

China reserves places on U.S. space shuttles

THE NATIONAL Aeronautics and Space Administration has announced that China will use its shuttle satellite launch services.

Representatives of the Chinese Broadcasting Satellite Corporation have paid Nasa $200,000 (£167,000) to reserve places on space shuttles in January and September 1988 for launching two direct broadcast satellites. The money is not refundable, Nasa says.

The cost of the launches to China was not announced. Nasa earns $10m per launch for communications satellites.

The Chinese delegation is also meeting with satellite manufacturers in the U.S. The visitors will be at Cape Canaveral, Florida, for the November 7 launch of the space shuttle Discovery and at mission control in Houston, Texas, four days later when the astronauts attempt to retrieve the first of two errant satellites.

AP

Nicaragua 'air space violated'

BY TIM COONE IN MANAGUA

NICARAGUA has accused the U.S. of a serious air space violation involving an SR-71 supersonic reconnaissance aircraft.

The intruding aircraft crossed from the Atlantic to the Pacific coast of the country on Wednesday on a course over some main population centres and a number of key economic targets.

The flight lasted 20 minutes, according to a Ministry of Defence communique, and covered a distance of approximately 500 km, indicating an average speed of 900 mph. Nicaragua does not have any supersonic aircraft.

The sonic boom produced by the plane caused alarm throughout the country. Government officials and people in the street, thought initially that a series of bomb attacks had taken place.

Although the Nicaraguan Government has accused the U.S. of previous air space violations involving subsonic aircraft, this was the first intrusion of this type. In the past, an upsurge in reconnaissance flights has preceded escalations of attacks on military and economic installations by the U.S.-backed guerrillas in the country and by CIA-operated aircraft and naval vessels.

When asked what proof the Nicaraguan Government had that the intrusion was by a sophisticated SR-71, the Ministry of Defence said: "We have our means of detecting them."

Nicaragua has also protested to Honduras over several air space violations near its border on Tuesday in which explosions were also heard.

The Defence Minister, Commander Humberto Ortega, said on Tuesday that U.S. helicopters had been dropping "strange objects" into the sea off Nicaragua's coastline.

The Government said the latest incidents were aimed at disrupting the elections—Nicaragua's go to the polls on Sunday.

Meanwhile, the "national dialogue" between all political parties, the church, trade unions and private sector began on Wednesday and was to continue yesterday morning. The war, the economic crisis and national reconciliation, were on the agenda.

A co-ordinator of the meeting said he expected positive results from the discussions and that the church's participation had been "encouraging and positive."

However, the talks are already in danger due to a threatened boycott by the far-Right if several of its demands are not met.

Sr Gilmore Coe, who belongs to the far Right Co-ordinadora Democratica (CD), said the group would decide on its continued participation after Thursday's meeting.

Britain fails to get low-key debate on Falklands, writes **Nicholas Colchester** at the UN

War of words over question of sovereignty

Sir John Thomson . . . notion that UK has strategic designs in the South Atlantic is pure fantasy

Dante Caputo . . . claim and determination to recover the islands will not disappear nor weaken

BRITAIN had been hoping for a low-key Falklands debate in the United Nations General Assembly this year, with a minimum number of speeches leading swiftly to the largely predetermined vote. It was not to be.

More than 20 countries insisted on speaking out against Britain's stance over the islands. The assassination of Mrs Indira Gandhi, the Indian Prime Minister, overshadowed the whole meeting and injected a particular sense of occasion into the debate.

The start on Wednesday morning was delayed for an hour while the assembly registered its repugnance at the death of Mrs Gandhi. This made the discussion a two-day affair. Both the fact of the assassination and its impact on the schedule, allowed Sir John Thomson, the UK Ambassador, to inject oratory and genuine debate into the assembly's normally bland proceedings.

The ambassador's tribute to Mrs Gandhi was based on his years as British high commissioner in Delhi and was thus of a different order of quality and familiarity from those that had preceded it. Tha assembled delegates must have been struck by the evidence of easy friendship between the leader of the Non-Aligned Movement and the ambassador of the country noy charged with colonial intransigence in tha South Atlantic.

Sr Dante Caputo, the Argentine Foreign Minister, launched the attack with a tough reassertion of Argentina's determination to recover the islands.

"It must remain clear to the international community that the hundreds of millions of pounds invested in the consolidation of the military and colonial situation in the South Atlantic will not succeed in changing the reality of the territories under dispute.

"The islands are in Latin America: our claims and determination to recover them will not disappear or weaken."

His speech was notable for its attempt to reverse the image of recent history and portray tha UK as militaristic and Argentina as bent upon peaceful negotiation.

"As we all know," he contended, "the conflict in the Malvinas began with a British ect of force, whereby the Argentine population living there was evicted."

Later on he asked: "Who gains from the present situation? Where does it lead? Who benefits from the militarisation of the South Atlantic? What is the aim of the construction of a powerful air and naval base with over 4,000 in military personnel, submarines, warships and aircraft whose capacity clearly exceeds the imaginary defence needs against my country? Is it realyl true that the Malvinas are going to be incorporated into a global strategic project?"

In contrast to Britain's "rigid refusal" to negotiate, Dr Caputo stressed Argentina's determination to settle the argument by peaceful means. He pointed to the recent settlement of the dispnte with Chile over tha Beagla Channal as proof of Argentina's non-belligerence.

Emphasising the new hints of flexibility that the Latin American sponsors had introduced into the resolution, he explained: "We insist that these negotiations must not be limited only to the nuestion of sovereignty but must also take into account all the issues which will ensure the re-establishment of relations between both states on a permanent basis. Among these issues, the status of the present inhabitants of the Malvinas must receiva special attention."

Sir John Thomson was given an unexpected lunchhour to modify his prepared text and to work up ripostes to Dr Caputo's thrusts. By tha time be came to the rostrum at tha centre of the golden beehive which houses the General Assembly he had dramatic advantage working for him.

The case against him had been repeated many times by different delegates. Here, finally, stood the lone defendant, ringed by bostile delegations, with that added element of titillation that exists when a "great power" is in tha dock.

In magisterial style Sir John went out of his way to colunter the tactic of the Argentine Foreign Minister by which "he linked passages about peace with innnendoes that we mean war."

He stressed that it was only to prevent invasion hapening again that the UK bed had to spend large sums of money and station more forces than it would have wished in that part of the world. He said, "the notion that we have strategic designs in the South Atlantic is pure fantasy."

Sir John explained that Britain was unwilling to negotiate about sovereignty because "Argentina does not envisage any dispassionate discussion of the merits of the British case but only discussion of the mechanism for the absorption of the islanders by Argentina."

But above all he stressed the right of self-determination which, ha said, had featured in 101 of the 145 speeches in the General Assembly so far this year: "We say with conviction that the people of the Falkland Islands have the same right to self-determination" — a right which was "no less inalienable than that of other peoples. No one can take it away from them," he said.

WORLD TRADE NEWS

GEC wins £35m locomotive contract from S. Africa

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

THE UK-based General Electric Company is to supply 50 electric freight locomotives to South Africa in an order valued at some £35m.

The order, won by GEC Transportation Projects in conjunction with the South African associate company GEC Traction (Pty), is the latest in a programme of re-equipment of electric locomotives for South African Railways.

The main contractors for earlier orders have included Union Carriage and Wagon, with GEC Traction as sub-contractors on one order and Brown Boveri/Siemens.

Mitsui of Japan won the first contract for the supply of Class 10E locomotives. This second batch of the same class, secured by GEC, was won against competition from Siemens and the Japanese industry.

GEC has specifically designed the Class 10E in accordance with the requirements of South African Railways and a new design of motors will be included in the order.

GEC has contracted to deliver all the locomotives by 1988. The electrical parts will be supplied from GEC factories in Manchester and Preston in the UK. Other parts and assembly of the locomotives will be carried out in South Africa.

A spokesman for GEC Transportation said yesterday that the order had been won through "a combination of excellence of design, competitive price, a sound financial package and a high degree of co-operation between the two countries in the manufacture of the locomotives."

Details of the financial package, on which Hill Samuel has advised, have not been released pending completion of the package.

GEC is one of three UK locomotive manufacturers, the other two being British Rail Engineering and Hawker Siddeley.

In the long period of absence from the electric locomotive market of BR—although this is expected to change soon with plans for new locomotives for Britain's East Coast main line under way—GEC is engaged wholly in the export business.

The South African rail network, run by South African Transport Services, is engaged in a major electrification programme which aims to have 80 per cent of the system's tonne-kilometres electrically powered.

Over 4,000 track kilometres are being electrified.

EEC, ACP countries near finalising third Lome pact

BY IVO DAWNAY IN BRUSSELS

NEGOTIATORS FOR the EEC and 64 African, Caribbean and Pacific (ACP) countries have now completed the final details of a third Lomé trade and aid package, leaving only the crucial issue of its total value outstanding.

Talks held in Brussels last month broke down dramatically when the ACP countries walked out on hearing that the EEC was prepared to offer Ecu 7bn (£4.2bn) to finance the five-year pact.

This represented only a maintenance of Lomé aid in real terms rather than the substantial increase they had sought. The ACP had been pushing for a base of Ecu 10bn plus Ecu 2bn in soft loans from the European Investment Bank, though this was later scaled down to Ecu 8.35bn and Ecu 1bn.

By completing in informal talks the details of the package, the EEC hope that it can bring further pressure to bear on the ACP to accept the offer as a fait accompli.

Technically, however, the developing nations have only accepted the compromises negotiated over the past fortnight on the understanding that funding will be increased.

EEC Foreign Ministers were due to have discussed the size of the package once again at their informal meeting at Dromoland Castle in Ireland this week-end but the meeting has been called off.

There also remain substantial divisions on whether any increase can be made. France has long argued for Ecu 7.5bn total and there are suggestions that Ireland, Denmark and Italy may also be ready to raise the sum.

But the UK, backed by the Dutch and Belgians, has stood firm for an Ecu 7bn total. West Germany's position appears unclear following suggestions that it has offered to increase the final aid package to compensate for Mozambique and Angola joining the ACP.

More money could also be available when Spain and Portugal join the Community.

Mr Peter Barry, the Irish Foreign Minister and current president of the EEC Council of Ministers, is due to meet top ACP negotiators on November 7, where it is hoped final agreement can be reached prior to formal signing in Lomé, Togo, in December and implementation in March next year.

Korea to send helicopter parts to U.S.

By Steven B. Butler in Seoul

KOREAN AIR (formerly Korean Airlines) will manufacture helicopter fuselages under licence to Hughes Helicopters and export them to the U.S.

Hughes has agreed to purchase 720 of the fuselages over the next five years, amounting to $124m (£103m). The long-term export agreement will be the first time that Hughes has imported helicopter components from abroad.

Korean Air has assembled Hughes helicopters over the past six years for use within South Korea, which is Hughes Helicopters' largest overseas customer.

The fuselages will be used for small, five-passenger helicopters that have civilian and military uses. The helicopters went into production in the U.S. in 1962.

Hughes Helicopters officials say they can halve costs by purchasing the fuselages in South Korea, where labour costs are far lower than in the U.S. In trial production runs, Korean Air had shown it could produce a high-quality product.

Hughes Helicopters has plans to contract for the manufacture of other helicopter parts in South Korea in the coming months.

Battle for rolling-mill contract

BY RICHARD COWPER

A NUMBER of European engineering companies, including Davy Mckee of the UK, are battling to win contracts worth about $400m (£330m) to build and supply equipment for an Indonesian steel hot rolling mill and a seamless pipe plant.

The two inter-related plants will be owned and operated by PT Seamless Pipe Indonesia, a newly-formed joint venture between Bakrie & Bros, a private Indonesian manufacturing group (60 per cent), Asia Pacific Pipe Investments, owned by Mindo Petroleum, an Australian company (30 per cent) and Krakatau Steel, the Indonesian state-owned steel corporation (10 per cent). Total investment in the project is expected to be around $550m.

According to Mr Aburizal Bakrie, executive vice-president of the Bakrie Group, the four leading contenders for the two contracts are Davy Mckee of the UK, Mannesmann of West Germany, Vallourec of France and Innocenti of Italy.

Bakrie has already appointed Techint of Milan as consultants and Schroder-Wagg of the UK as financial advisers.

Mr Bakrie says that financing will be a key deciding factor in what he says is turning into a fierce battle to capture a slice of the largest single private foreign investment project currently under offer in Indonesia.

"The company or companies which come up with the best terms on supplier credits are likely to emerge the winners," he said.

A decision is expected to be announced in May next year, with construction due to start in September.

The project, aimed at producing 300,000 tonnes a year of seamless pipe for Indonesia's oil and gas industry—the largest in Asia — will consist of two main tender packages.

The first — worth about about $100m — for converting seamless raw pipes into finished pipes, is due for completion in 1987.

The second — worth about $300m — is for a hot rolling mill to produce steel tubes. The mill will use imported steel billets as raw material.

Davy Mckee, the engineering and construction arm of Davy Corporation, says it is planning to bid in association with Aetna - Standard, a U.S. machinery company.

Overseas Chinese turn their eyes to 'home'

Family links spur investment

BY DAVID DODWELL IN HONG KONG

CHEN JINGLUN, a prosperous Hong Kong rice trader, visited his ancestral village in Xinhui on the other side of the Pearl River estuary for the first time two years ago.

Since then, his family has donated HK$10m (£1.1m) for a school there, and is currently looking for a light industrial project to invest in.

Chen, whose grandfather left Xinhui 112 years ago, is typical of many wealthy overseas Chinese, whose families may have been living outside China for the greater part of this century but who maintain strong sentimental links with their mother country, and in particular their ancestral villages.

As Peking seeks foreign capital to refurbish its antiquated indnstries, it is these overseas Chinese—or "Huaqiao"—who have become their main targets for substantial investment rather than the western industrial giants.

A recent visit to the area around Xinhui, known throughout China as "the home of the overseas Chinese" because of the millions of local people who over the past four generations have left behind them the chaos of China to seek a more prosperous lifa overseas, shows major changes being mada to persuade Huaqiao to revisit and invest in tha homes of their grandfathers.

Local officials talked often of the erroneous policies adopted until recently towards the overseas Chinese. In an effort to make amends, homes and property sequestered before or during tha cultural revolution are being returned to their "rightful" owners.

Special inducements are being offered to those who invest in the area's infant industries—textiles, basic electronic assembly, and food processing based on locally grown cash crops such as oranges, bananas, peanuts and pineapples.

By contrast with the rather disappointing response from western companies to China's efforts to ettract joint venture and compensation trade investment as part of the policy of "opening up to the outside world," Peking's courtship of the "Huaqiao" has been much more successful.

Even comparatively poorly endowed regions like Xinhui which, while tremendously fertile, has poor communications because of a lattice-work of estuarine channels around the Pearl River as it meets the South China Sea, has attracted an estimated HK$110m in investment from overseas Chinese over the past two years.

Among the projects resulting from this la its recently completed polyester yarn plant, arranged as a compensation deal through Wing Sun Co in Hong Kong—which has local family links. The venture is using equipment imported from West Germany, the UK and Switzerland. Tha nearby Jiangmen radio factory, which makes radio cassette recorders under its own brand label, PJJ, and that of Sharp of Japan, was set up in collaboration with Wing Hup of Hong Kong, whose HK$4.5m investment was paid back in 20 months under the terms of a compensation trade deal.

Ancestral links have prompted numerous other civic gestures—like a science and technology centre funded by a donation from Hong Kong's Luhaitong Corporation, and the building of a new hospital extension, out of funds provided by Hong Kong's Taishan, chamber of commerce.

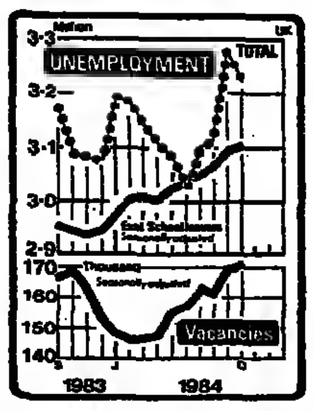
About 20m Chinese live outside China, most of them in Hong Kong, South-East Asia, and North America. Many have proven willing to make investments, not on rational commercial grounds but as "patriotic acts." They recall that grandparents often left their home villages as appointees expected to raise money overseas for the impoverished families left behind.

China's success in wooing support from Huaqiao like Chen Jinglun can be seen in the fact that Hong Kong is second only to the U.S. as a foreign investor in China, with joint equity investment up to the end of 1983 amounting to $79m. U.S. investment — much of which may also come from overseas Chinese—amounted to just over $102m.

While overseas Chinese businessmen like Chen remain willing to put aside the fiercely rational business logic that has made them the wealthiest businessmen in Asia, and return "to do our bit" for their ancestral homelands, they are likely to be among the most dynamic forces in future economic development — not just in places like Xinhui, but across the length and breadth of the country.

Jobless total rising by 15,000 a month

BY MAX WILKINSON, ECONOMICS CORRESPONDENT



ADULT UNEMPLOYMENT in Britain rose by 2,800 last month to 3.1m, but officials believe that the underlying trend is still moving upwards at the rate of about 15,000 per month.

The rise in October was much smaller than the 24,500 increase in September, but this is thought to be a statistical quirk rather than representing an underlying improvement.

In the six months to October, the number of adults out of work rose by 90,000, or an average of 15,000 per month. This compares with a rise of about 12,000 per month in the previous six months.

Yesterday'a figures, which showed a fall of 59,000 in the "headline" total including school leavers to 3.23m, provide some thin comfort for ministers.

After last month's steep rise, there were fears in Whitehall that unemployment might be starting to accelerate again. Although the October figures cannot be taken as showing a deceleration, they do suggest that the rate of increase is remaining about steady.

The high and rising unemployment is the major economic worry facing Mr Nigel Lawson, Chancellor of the Exchequer, as be prepares for the autumn statement on public spending later this month and the budget in March.

He is certain to come under increasingly strong political pressure to relax his fiscal and monetary policies, unless he can show evidence that the trend is starting to move downwards.

In October, the number of school leavers out of work fell by 31,000 to 151,000. In addition, it is estimated that in September the number of people on special employment and training schemes rose to 689,000, which was 19,000 more than at the end of August.

Not all of these youngsters would otherwise have been unemployed, end it is estimated that the effect of the schemes was to reduce the number claiming unemployment benefit by 490,000.

Electronics job gains, Page 10

Arms factories to lose 1,800 jobs, say unions

BY LYNTON McLAIN

THE GOVERNMENT is to cut the workforce at the Royal Ordnance factories by 10 per cent with 1,800 redundancies, in the run-up to the planned sale of the arms factories to the private sector, union officials claimed yesterday.

Union representatives met Mr Michael Heseltine, the Defence Secretary, yesterday but failed to persuade him to delay the introduction of changes in the way the factories win business.

As the talks started, the 18,800 staff at the 13 factories demonstrated by walking out, halting production of tanks and munitions.

Mr Jack Dromey, secretary of the industrial trades unions at the factories, said he had urged the Defence Secretary to allow the factories a breathing space to adjust to the new competitive environment and to enable them to maintain their workload. Mr Heseltine had refused.

BL doubt over force of call for pay strike

By Arthur Smith

AUSTIN ROVER, BL's volume car subsidiary, seems certain to be hit by a pay strike from next Monday after mass meetings yesterday of the 28,000 manual workers.

But the company expressed its disbelief that the trade unions could call a strike on the basis of yesterday's voting.

It said mass meetings as a means of accurately assessing the views of the majority were discredited and there was clearly a groundswell among employees in favour of secret ballot.

The move by the state-owned concern to discredit the verdict of mass meetings mirrors exactly that of the newly-privatised Jaguar Cars which was brought to a standstill yesterday by a pay strike by its 7,000 manual workers.

Union leaders believe Austin Rover is likely to make the first move to take advantage of new trade union legislation under which a company can seek an injunction and/or damages in the High Court to prevent a strike unless a proper ballot has been called.

The opportunity to break the deadlock in the threatened strike at Austin Rover will present itself today when union negotiators and the company are scheduled to hold a routine meeting, quite separate from the present dispute.

The extent of backing for the strike is bound to be a key topic. The dayshifts at the Cowley and Longbridge plants which account for nearly 20,000 of the workforce voted decisively in favour of a strike at mass meetings.

But Austin Rover said some 500 workers in Cowley assembly returned to the factory and refused to work, insisting on a secret ballot. Production of the Maestro and Montego was resumed only after a meeting at which missiles were thrown at management representatives.

Coal board presents its case after collapse of latest talks

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR IAN MACGREGOR, the chairman of the National Coal Board (NCB), yesterday morning blinked into the inevitable television lights and said: "There is no basis for further talks with the National Union of Mineworkers. I am very disappointed."

Mr James Cowan, his deputy went further. "I don't see any hope whatsoever," he said in his Scots accent, "of reaching a settlement with Mr Scargill. There is no feeling whatsoever that the NUM, led by Mr Scargill, are making any approach to getting a settlement to this dispute."

Mr Ned Smith, the industrial relations director and Mr Kevin Hunt, his deputy, underscored the point that the NUM had not moved since March 6. Mr Michael Eaton, the board's new communicator, said he had been "astonished" by the NUM's intransigence. The board's full senior team were united in sorrow: they had come, after 34 weeks, to the end of the road.

It is now widely being said that the gloves are off, the phoney war is ended, the sheep must be separated from the goats. That may be so – though the pressure will now pile up on the NUM from the Trades Union Congress (TUC) to get back into some negotiating forum, possibly one constructed by the TUC itself.

The board began this new era yesterday by deploying its case. In a lengthy background document, it lays out the circumstances in which it found itself last year, the progress of the talks and the circumstances it is in today.

The main fact at the back of the dispute is the market. Since the beginning of the 1980s, it dropped, dramatically: "In 1980 the British steel industry bought 7m tonnes of coal from the NCB, whereas in 1983/84 this demand had dropped to 4m tonnes. Overall, in the four years to March 1984, NCB disposals had dropped by more than 16m tonnes a year."

The board's response was to stockpile coal: but at a cost. By 1983, the board was paying £125m a year in financing the stocks and was still producing 8m tonnes a year excess to demand.

Over 1983-84, largely under the chairmanship of Sir Norman Siddall, 15 pits were closed and 18,000 men made redundant. By October last year – after Mr MacGregor took over – the board and the unions had begun to consider the problem of overcapacity.

On March 6, the board produced its now famous document, to be called ever after the "MacGregor plan." It noted that the 8m tonnes overcapacity had been cut by half in the previous year.

The paper did not say that such a cut would require the closure of 20 pits and the loss of 20,000 jobs. The NUM inferred it, but the inference was a reasonable one.

Meanwhile, in South Yorkshire, the area director, under instructions like his colleagues to cut back capacity, proposed the closure of Cortonwood colliery, which had a life expectancy of only five years (but to which a substantial number of miners had recently been sent from other, closed pits). The NUM, alleging be had "jumped the gun," walked out of the review procedure.

So began the dispute. Quite quickly, it took the form now familiar to almost everyone. The NUM argued that the board should withdraw its March 6 proposals; keep open Cortonwood – to which it added four more pits which the union claimed were marked for closures; and, above all, that the board should not be allowed to close pits on economic grounds.

Agreements had been reached that pits should close on geological grounds, and on grounds of exhaustion. But the third category has been the nightmare that divides them.

The board claims that "the union has acknowledged that over the years other categories of pits have been closed following consideration under the review procedure and that this process will continue. Throughout the negotiations, however, we have been unable to get agreement with the union on a way of describing this category ... this is the nub of the continuing dispute."

Is there a solution? The board's last offer lies on the table. It has undertaken:

- The March 6 proposals will be reconsidered.
- The five pits will remain open for review.
- A new independent appeals body will be appointed to which closure matters may be referred by any party, and to whose judgments "due weight" will be given.
- The 5.2 per cent wage increase, to which the NUM has not agreed, will be paid retrospectively to November 1983 as soon as normal working is resumed.

NUM faces more legal action

BY OUR LABOUR STAFF

A GROUP of working miners from different coalfields yesterday began a legal action aimed at making the 25 members of the National Union of Mineworkers' executive personally liable for payment of the £200,000 fine now outstanding

The NUM has refused to pay the fine and its assets are now being sequestrated to recover the amount. The action will be taken "jointly and severally" against the executive members – which means that each one could be liable to pay the full fine. Writs are to be sent by post to their offices this week.

The fine arose from contempt by Mr Arthur Scargill, the NUM president, subsequently endorsed by the full executive, in continuing to insist that the strike was lawful after it had been ruled unlawful by the High Court.

Mr Scargill was also fined £1,000 but that has been paid anonymously on his behalf.

Mr David Negus, legal adviser to the National Working Miners' Committee said yesterday: "It is not fair to the working miners that their actions lead to a loss of their own funds."

Lord Jauncey in the Court of Session in Edinburgh yesterday said he would give his decision on Tuesday on a second attempt by three Scottish working miners to obtain a court order to force the NUM to hold a national ballot. He said the NUM had now lodged defences in the case.

The miners asked the judge to grant an order banning the NUM continuing to instruct them to strike and not to cross picket lines until there is an official national strike in accordance with the union rules after a ballot.

UK NEWS

Gloves off in personal computer sales fight

BY JASON CRISP

A SERIES of television advertisments for Apple's Macintosh computer which start tonight show a frustrated executive smashing up what looks remarkably like an IBM Personal Computer.

The advertisements are part of an international campaign to persuade managers to "test drive" the Macintosh which exploits the computer's remarkable ease of use. In Britain, the £3m campaign effectively relaunches the Macintosh which first appeared in June and has not sold well.

Dozens of companies are competing for the business personal computer market in the UK which will be worth £541m this year according to consultants IDC-Europa. The Macintosh, priced at £1,795 before VAT, fits into the largest and fastest growing section of that market currently dominated by IBM, the U.S. computer giant, and Britain's Applied Computer Techniques.

Major press and television advertising campaigns – thought to be costing well over £10m – are being run by the leading suppliers for the last three months of the year, most notably by ACT, IBM and Apple.

These campaigns pale into insignificance compared with those of the U.S. Apple is expected to spend $160m on advertising in 1984 and probably even more next year. IBM has probably spent even more on its PC. And in the U.S., dealer incentives from Apple include a white Porsche car whereas in the UK the top prize is a Ford XR4i car.

The Macintosh is a key product for Apple in its struggle to reassert itself as one of the world's two leading personal computer companies. (IBM is the other one.) In the U.S. the Macintosh has about 9 per cent of the market compared with 22 per cent for the IBM Personal Computer and 18 per cent for the Apple II range, according to InfoCorp, a Californian consultancy.

Although the Apple II has sold well in Europe, particularly in France, the Macintosh has made little impact so far. Apple UK desperately needs to succeed with the Macintosh. Sales of Apple II products have been weak and new products like Apple III and Lisa have flopped here as they have in other countries. Last year ACT had 36 per cent of the UK market and IBM 33 per cent, measured by units. The third most popular computer in this class was sold by DEC.

Management at Apple UK has been changed several times. The newest team is headed by Mr David Hancock, recruited from Gillette who is backing a much more aggressive marketing approach. One result has been a major shake-up of Apple's dealer network. By March next year up to 150 of Apple's 380 dealers are expected to have gone and will be replaced by about 70 new ones.

Mr Alan Wood, managing director of Digitus, a leading computer system house, says: "Apple is now trying to clear up the mess earlier policies created. The old dump and run policy has rebounded on them and good dealers deserted them."

Mr Simon Pearce, managing consulting at Romtec, thought the test drive programme was being welcomed by dealers.

Export licence ban leads to challenge

FINANCIAL TIMES REPORTER

PLASMA Technology, a small British high technology company, has challenged the Government to prosecute it for exporting equipment to China without a licence.

The company specialises in plasma etching equipment used in making semiconductors. It claims it is losing orders in China to U.S. companies, supplying almost identical equipment, because it cannot get an export licence as a result of objections by Cocom, the co-ordinating committee on Western trade with Communist countries.

Mr David Carr, managing director of Plasma Technology, has written to Mr Paul Channon, Trade Minister, saying the company will export prohibited equipment to China for a trade fair in Shanghai early next month.

Mr Carr said: "Our company is no longer prepared to tolerate a situation where we are prevented from trading in one of the largest and most profitable markets for our products while our U.S. competitors trade there freely."

He alleged that his company lost a £1m order in China to the U.S. company Plasmatherm which supplied similar equipment via its subsidiary in Sweden. Although the Plasmatherm sale was being investigated, the equipment was still being supplied to China, he claimed.

Mr Carr said he believed U.S. companies were taking advantage of improved trade relations with China to export high technology products.

Plasma Technology, set up three years ago, has a turnover of £2m and sells equipment to the research laboratories of many European electronic companies including Plessey, GEC, Philips and Siemens. The equipment is typically used in research and pilot production of microchips.

ACT takes enterprise award

BY ANDREW ARENDS

APPLIED COMPUTER Techniques (ACT), a fast-growing British Computer group, has won the British Enterprise Award, as "Company of the Year," sponsored by the Institute of Directors, and several major companies. ACT which is based in the West Midlands, won the award because of its "outstanding performance" in 1984, according to the judging committee.

Founded in 1965 by its present managing director, Mr Roger Foster, ACT has risen to prominence over the past year as the manufacturer of the Apricot micro business computer, which is ahead of the IBM PC as the market-leading personal business computer.

ACT has a manufacturing plant in Glenrothes, and it produces around 30,000 machines a year. The company employs about 750 people in the UK, and has a good record in industrial relations.

Profits and turnover have doubled for the past two years. Pretax profits for the year to March 31, this year, were £4.64m, on turnover of £50.8m.

Runners-up to ACT were Microvitec, the computer peripherals group, Solid State Logic, which produces electronic control systems for pipe organs, and Virgin Group, the entertainments concern.

Previous winners of the award include SR Gent, the clothing group, Racal Electronics, the defence and communications group, and J Sainsbury, one of Britain's largest grocery retail groups.

NOTICE TO HOLDERS OF PEKEMA OY

8¾% Guaranteed Bonds due 1986

NOTICE IS HEREBY GIVEN US$1,500,000 aggregated principal amount of the bonds bearing the serial numbers listed below have been drawn for redemption on 1 December 1984 at the redemption price of 100% of the principal amount thereof pursuant to condition 4 of the terms and conditions of the Bonds. The US$106,000 balance of the 1984 Sinking Fund requirements has been satisfied by the delivery of bonds acquired by the Company as permitted by the said condition 4. The redemption payment of each bond drawn for redemption will become due and payable on 1 December 1984 on and after which interest on each such Bond will cease to accrue.

BONDS DRAWN

394 x $1,000

16	31	40	64	88	125	151	152	153	156
163	209	242	251	260	260	267	270	305	310
312	315	317	327	328	332	338	344	499	553
557	565	562	603	604	635	637	699	700	710
736	889	892	893	895	902	936	943	970	1005
1036	1046	1087	1088	1107	1106	1109	1116	1145	1168
1169	1191	1217	1218	1230	1338	1415	1485	1498	1522
1569	1690	1729	1837	1882	1939	1977	2060	2113	2133
2139	2189	2235	2236	2240	2242	2244	2246	2249	2260
2262	2265	2271	2288	2289	2290	2341	2346	2371	2416
2473	2474	2938	2985	2998	2999	3166	3104	3112	3146
3161	3166	3250	3338	3374	3376	3379	3427	3476	3497
3809	3513	3576	3579	3606	3723	3813	3868	4012	4016
4018	4019	4111	4125	4129	4401	4418	4482	4435	4552
4535	4549	4552	4654	4657	4607	4622	4629	4632	4633
4894	4898	4914	4928	5185	5272	5378	5424	5425	5489
5500	5582	5902	5909	5911	5923	6118	6202	6209	6216
6224	6226	6233	6234	6237	6238	6259	6264	6267	6281
6291	6312	6314	6532	6545	6561	6568	6681	6667	6746
6824	6830	6843	6907	7223	7228	7290	7305	7707	7708
7710	7785	8028	8056	8136	8194	8571	8574	8675	8846
8847	8850	8863	8888	8872	8891	8896	8921	8923	8873
8977	8984	8992	9142	9142	9167	9168	9173	9174	9179
9252	9273	9275	9288	9394	9303	9399	9402	9415	9423
9427	9428	9612	9638	9643	9649	9651	9662	9688	9692
9699	9712	9721	9723	9734	9738	9739	9747	9748	9788
9768	9777	9781	9789	9799	9818	9820	9824	9834	9840
9858	9860	9876	9892	9887	9898	9913	9914	9917	9925
9926	9930	9934	9941	9947	9951	9962	9988	9982	10010
10011	10026	10050	10062	10064	10065	10067	10072	10078	10081
10086	10089	10112	10116	10132	10135	10145	10146	10149	10152
10163	10178	10180	10181	10184	10189	10204	10204	10207	10210
10211	10215	10222	10227	10280	10282	10284	10286	10278	10280
10294	10300	10309	10309	10310	10317	10318	10341	10342	10356
10357	10368	10374	10381	10390	10392	10393	10408	10414	10418
10433	10436	10437	10440	10545	10547	10549	10550	10556	10560
10562	10565	10567	10582	10585	10598	10589	10654	10665	10676
10679	10687	10688	10741	10760	10764	10780	10785	10793	10797
10799	10801	10811	10813	10819	10834	10841	10844	10846	10851
10858	10880	10890	10895						

10 x US$100,000

5 10 15 20 22 26 30 34 38 40

The above numbered Bonds will be redeemed at the office of the Depositary and the Principal Agent Chemical Bank, 55 Water Street, New York, N.Y. 10041, U.S.A. or at any of the following Sub-Depositaries; Chemical Bank, London, Paris; Kredietbank N.V., Brussels; Kredietbank S.A., Luxembourgeoise, Luxembourg; Skandinaviska Banken, Stockholm; Stockholms Enskilda Bank, Stockholm; Dresdner Bank, Frankfurt/Main Each Bond redeemed will be with Coupon No. 14 & S.C.A.

Company Notices

NOTICE OF PURCHASE
EUROPEAN INVESTMENT BANK

11⅞% 150,000,000
United States Dollar Bonds
of 1983, due October 5, 1993

Pursuant to the terms and conditions of the Bonds, notice is hereby given to the Bondholders that during the eleven-month period commencing November 5, 1983 US$7,500,000 — principal amount of the abovementioned Bonds have been purchased by Swiss Bank Corporation, London, as Purchase Agent, in satisfaction of the first annual Purchase Fund Instalment of Bonds issued.

At October 5, 1984, the principal amount of such Bonds remaining in circulation was US$142,500,000.

EUROPEAN INVESTMENT BANK
November 2, 1984

BANQUE NATIONALE DE PARIS

Floating Rate Note Issue of US$250 million January 1980/88

The rate of interest applicable for the three month period beginning October 31 1984 and set by the reference agent is 10½% annually.

Art Galleries

FIELDBORNE GALLERIES, 63, Queens Grove, NW8, 01-586 3600. GEOFF OGDEN 20 years of Paintings.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572. PAINTINGS BY NIGEL WAYMOUTH. 4th October-3rd November. Mon.-Fri. 10-5. Sat. 10-12.30.

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY

US$20,000,000 6½% 20 Year Bonds of 1966 due 1st December, 1986

The Commission of the European Communities informs the Bondholders that a selection by lot for a principal amount of US$1,276,000 has been made for redemption in the presence of a Notary Public on 24th October, 1984 by *Banque Internationale à Luxembourg*.

The Serial numbers of Bonds selected by lot are as follows:—

6424 to 6426	6440	6445 to 6448	6455	6457 to 6462
6484	6490 to 6492	6494	6499 to 6504	6506 to 6508
6522 to 6526	6528	6532 to 6535	6545 6546	6548
6553 6554	6556 6567	6561 to 6585	6590 6591	6594 to 6605
6612 to 6616	6616 6620	6622 6644	6648 to 6650	6672 6673
6680	6683 to 6696	6707 to 6710	6712 6721	6724 to 6732
6736 6738	6739 to 6754	6756 to 6760	6781 to 6787	6862
6864 6866	6884 6891	6893 to 6898	6901 to 6907	6911
6922 to 6929	6931 to 6933	6935 to 6940	6944 to 6949	6973 6976
6977 to 7031	7039 to 7074	7091 to 7096	7099	7105 to 7108
7115 to 7120	7133 to 7139	7146 to 7184	7159	7166 to 7177
7180 to 7158	7193 to 7166	7198 7199	7201 7203	7208 7209
7215 7216	7220	7256 7258	7272	7278 to 7284
7291	7328 to 7334	7360 to 7366	7374 to 7383	7385 to 7393
7412 7413	7419 to 7439	7516 to 7520	7524 to 7530	7541 to 7543
7548 to 7556	7559 7560	7672 to 7987	7608 to 7610	7613 to 7616
7616 to 7669	7697 7699	7719 to 7721	7737 to 7741	7744 to 7746
7761 7762	7781 to 7783	7796 to 7800	7803 7813	7616
7823 to 7825	7846 to 7861	7855 to 7862	7877 to 7879	7882 to 7886
7930 to 7934	7939 7940	7962 7963	7956 to 7970	7972
7976 to 7980	7992 7993	7997	8020 to 6022	8030 to 8039
8045 to 8066	9352	8360 to 8363	8366 to 8368	8374 to 8379
8401 to 8407	8466 to 8642	8666 to 6678	8683 to 8895	8697 to 8700
6758 6798	6793 to 8802	8813 to 8817	8823 to 8840	8864
8866 to 8874	8916 to 8921	8966 to 8967	6670 8971	8979
8990 to 8998	8996	9007 to 9011	9017 to 9020	9040 to 9055
9062	9072 to 9121	9123 to 6136	6148 to 9170	9173
9184 to 6158	9204 to 6208	9210 to 9212	9214 to 9223	9229 to 9232
9235	9247 to 9252	9263	6286 to 9288	9291 to 9286
9316 to 9328	9338 to 9340	9344 to 9346	9404 to 9416	9442 to 9453
9456 to 9470	9476 9477	9483 to 6510	9616	9621 to 9528
9654 9655	9559	9566 to 9670	9584 to 9593	9599 to 9623
9662 to 9711	9744 to 9751	6754 9755	9764 to 6771	9813

Principal amount of Bonds purchased: US$74,000.
Principal amount called for redemption: US$1,350,000.
Principal amount unamortised after 1st December, 1984: US$2,450,000.

The Bonds selected by lot will be reimbursed on or after 1st December, 1984 with coupon due 1st December, 1985 and following attached, in accordance with the terms of payment mentioned on the Bonds.

CBI said to have waning influence

By Philip Bassett

THE CONFEDERATION of British Industry (CBI) has lost influence on government policies, according to a majority of managers and trade unionists in a survey of attitudes towards industrial and labour relations institutions.

The survey, carried out by the industrial communications company EPIC, will be an embarrassment to the employers' body, which starts its annual conference on Sunday.

It shows that in total, 52 per cent on both sides of industry feel that the CBI's influence over the Government has waned. The CBI will be most discomforted by this finding by 47 per cent of managers, and 58 per cent of trade unionists agree.

The results will be galling for the CBI because its arch-rival as a representative of employers, the Institute of Directors (IoD) scores well in the survey.

Forty-nine per cent agree that the IoD has more influence on government policies than the CBI, although this is a distorted figure since the total for trade unionists (73 per cent) is much higher than that for managers (30 per cent).

The survey's findings are also critical of the effectiveness of the National Economic Development Council, which is widely regarded, by 83 per cent on both sides of industry, as having little influence on the Government.

The Trades Union Congress fares almost as badly – a total of 62 per cent think it is rapidly losing its ability to reflect the interests of union members. Among managers the figure is expectedly high (84 per cent), but as many as 36 per cent of trade unionists endorse the belief as well.

The Advisory, Conciliation and Arbitration Service (Acas) wins widespread approval. Eighty-six per cent feel that over the last few years it has proved to be a valuable institution.

● The CBI calls today for a change in the spread of ownership of British business and industry. The CBI says that the means are available "to bring about a revolution in share ownership over the next few years."

Coles managers reject work offer by Grove

BY NICK GARNETT, NORTHERN CORRESPONDENT

A GROUP of managers formerly employed by Coles Cranes, a subsidiary of the defunct Acrow Engineering group, has declined a request to return to work by Grove Manufacturing, the U.S. company that bought Coles from the receiver.

Grove wanted the managers to take up short-term contracts at the Coles production site at Sunderland, north-east England.

After a meeting, about 40 middle managers issued a statement that "in view of the uncertainties surrounding the recent acquisition of Coles by Grove and a possible imminent referral to the Monopolies Commission," they had decided to wait for the decision on a referral before returning to work.

The workforce of 1,150 at Coles was made redundant last week before the purchase by Grove in a last-minute deal that forestalled a proposed buyout by a management consortium. The company went into receivership two months ago.

About a dozen middle managers are understood to have returned to the site. Grove is thought to be offering individuals two-week contracts initially. It is believed, in telephone conversations with individual managers, to have warned them that if they did not report for work their future with Grove might be jeopardised. That pressure seems to have annoyed many of them.

Approaches by Grove directly have not been made to the group of eight directors and senior managers involved in the management consortium. That group thought last week that it had virtually clinched a management buyout of the mobile crane-maker in a £16.5m package, including working capital.

It is thought that the Director of Fair Trading has already made, or will today make, his recommendation to the Secretary of State for Trade and Industry on whether the purchase by Grove – part of the U.S. Kidde group – should be referred to the Monopolies and Mergers Commission.

Mr Peter Steel and Mr David Steel, two of the family that owned Coles before its purchase by Acrow, have made submissions to the Office of Fair Trading.

Those are thought to say that Grove together with Coles would have more than 75 per cent of the UK market and the size of the share would be viewed as detrimental by some potential customers. They say it might lead some of those customers to turn to foreign suppliers, including the big Japanese companies.

Grove, which has an assembly operation in Oxford, says it intends to continue manufacturing at Sunderland although there have been some unofficial indications that it might wish to reduce the workforce by 200 to 300. As a further complication, Kidde has been trying to sell Grove and there are rumours that at least one possible buyer has emerged.

The purchase by Grove has caused a furore in the North-east, where the proportion of locally owned business in the manufacturing sector is far lower than it was 20 years ago. In the decade to 1973, local ownership fell from 48 to 22 per cent of manufacturing capacity, although it might have risen since then because of rationalisation and a decline in branch plant migration.

Many in the consortium believe that Grove – which has a worldwide market share of about 11 per cent (Coles has 5.5 per cent) – already has too much manufacturing capacity and is just buying market share. They also believe that because of similarities in the Grove and Coles product range, Sunderland will eventually be reduced to an assembly site and would be vulnerable to closure.

Grove, which denied yesterday that its U.S. plants were on a three-day week but said they were operating on a five-day basis, maintains that the purchase of Coles is part of its long-term business strategy. It is believed to have offered about £14m to £15m for Coles, as against the company's asset value of just over £30m.

BRITAIN BEGINS NEW VAT SYSTEM FOR IMPORTS

Smooth tax change at the docks

BY ANDREW TAYLOR

VERY SMOOTH, no major hold-ups and no more problems than usual: that was the verdict from the Port of Dover yesterday as Britain switched over to a new system for charging value-added tax (VAT) on imports.

Under the new regulations importers will have to pay VAT immediately as goods enter the country. Importers will be allowed to defer payments – and then only until the 15th day of the month following importation – provided they can arrange satisfactory bank guarantees. Companies not covered by deferments will have to pay VAT liabilities in cash or bankers draft before goods can clear Customs.

There have been fears that new procedures and earlier deadlines for paying VAT would create confusion among freight agents and importers, and slow the traffic of goods out of ports and airports.

The first 24 hours of the new system, however, appear to have passed without any major incident.

Importers, freight agents and transport companies are, none the less, still concerned that delays could build up over the next few weeks and that these could cause congestion in some ports.

Dover, which has a space problem, is particularly vulnerable to delays, with more than 1,000 lorries and trailers arriving daily from continental Europe.

The ability of the port to cope with the regulations was tested further by a build up of freight traffic on Wednesday – the busiest day for imports for six weeks – which continued during the early hours of yesterday.

The slightly heavier than normal traffic was caused by drivers trying to deliver ahead of yesterday's public holiday in continental Europe.

The first ship to arrive at Dover in the early hours of Thursday was the 8,500-tonnes Cote D'Azur from Calais, carrying 15 trucks and 15 unaccompanied trailers.

Minutes later European Trader, owned by Townsend Thoresen had berthed and was unloading a further 54 units from Zeebrugge, Belgium. Between midnight and 5am a total of 12 ships berthed at Dover, disgorging in the process almost 250 trucks

Extra custom officials drafted in to cope with the new VAT procedures quickly got into the swing of things. Too quickly for some drivers who had arrived earlier but had failed to get their cargoes cleared in time to beat the midnight deadline for the regulation changes.

The Freight Transport Association, which has temporarily established offices at the port to monitor the effect of the changes, said there was some frustration when drivers learned that paperwork on goods not cleared before the changeover would have to be resubmitted.

By 4am yesterday lorries which had been jostling for space on the overcrowded dockside had started to drift away from the port.

Date set for Channel power link

BY DAVID FISHLOCK, SCIENCE EDITOR

A SUBSTANTIAL new source of power is expected to be available next October with the commissioning of the Anglo-French cross-Channel electricity connection.

The link, joining Europe's two biggest electricity systems, is scheduled to reach peak capacity of 2,000 megawatts – the output of a large power station – by autumn 1986, Dr Peter Howard, director-general of the transmission division of the Central Electricity Generating Board (CEGB) told engineers in London last night.

Dr Howard, giving the Hunter memorial lecture to the Institution of Electrical Engineers, said it now looked as if the payback period would be shorter than the six to seven years previously assumed.

The commercial framework agreed between the CEGB and Electricité de France provided for all eventualities in the way one partner could help another in times of difficulty, he said. The aim was to equalise marginal costs as much as possible.

Dr Howard said there was a sting in the tail "in that any supplying party which defaults in its undertakings will be required to pay compensation."

The over-riding principle was that both parties would share the benefits of the link, subject to the provision that assistance by one to the other should cause no systematic loss to the utility.

The connection takes the form of four pairs of direct-current cables, buried in the seabed, with each pair capable of carrying 500 megawatts in either direction. Each utility is responsible for laying two pairs, and each has struck technical trouble in laying its first pair this summer.

The French laid the first pair of cables, starting in June, and finishing at Folkestone, Kent, 120 days later. Despite a seabed clearing operating last year, the French ran across mines, bombs and buried hawsers and had to rejoin one cable in a repair made at sea.

Preliminary tests on the cable pair last month have indicated a fault about 4 km from the French coast. Its severity and the way it will be repaired were still being assessed, Dr Howard said. If necessary, the French would lay new cable from the coast to the fault.

The British successfully conducted shake-down trials of their cable-laying submersible off the French coast this summer, then set out to lay a 500m trial length of cable off Folkestone.

Faults in the technique caused severe damage to the cable pair. Dr Howard said he hoped the lessons learned would allow each of the British cable pairs to be laid next year "in not more than 30 days."

The cable-laying experiences of the two partners "well and truly underscore the sea problems facing the project."

The latest cost estimate for completing the British half of the project was not expected to exceed £275m, about 7 per cent higher than the March 1981 figure when the project began.

To undertake repairs once the connection is in operation, the two utilities have jointly ordered the development of a "habitat" or seabed workchamber.

Telebetting 'best cable prospect in short term'

By Raymond Snoddy

TELEBETTING is emerging as a clear favourite to be a winner among the interactive two-way services to be offered on cable television.

Teleshopping, telebanking and telebooking are all longer-term prospects, according to a new report by Communications Information Technology (CIT) Research. Telebetting – watching the races on the screen and punching in bets on a keyboard – is the best short-term prospect, however, because it links entertainment to transactions.

So far CIT says that experiments in interactive services have been disappointing both in North America and throughout Europe. The only exception has been telebanking.

The advent of advanced cable networks offers the prospects of very high interactive services on cable, rather than by telephone.

CIT argues in a new report entitled The TV as a Terminal for Consumer Services, that by 1990 3.5 per cent of European homes in Western Europe will be linked to advanced interactive cable networks. By 1994 the number will have doubled, and about one tenth of those homes will be regularly using interactive service.

CIT warns that cable will face considerable competition. Ten times more people will be using interactive services via the telephone. It believes that many of today's experiments will form the basis of everyday life in coming years.

"The questions are how long will it take, which will be the successful services, how they are likely to operate and where they will have the most impact?

**CIT Research, 1 Harewood Place, Hanover Square London W1.*

BASE LENDING RATES

A.B.N. Bank	10½%	Heritable & Gen. Trust	10½%
Allied Irish Bank	10½%	■ Hill Samuel	§10½%
Amro Bank	10½%	C. Hoare & Co.	†10½%
Henry Ansbacher	10½%	Hongkong & Shanghai	10½%
Armco Trust Ltd.	11 %	Knowsley & Co. Ltd.	11 %
Associates Cap. Corp.	10½%	Lloyds Bank	10½%
Banco de Bilbao	10½%	Mallinhall Limited	10½%
Bank Hapoalim	10½%	Edward Manson & Co.	11½%
BCCI	10½%	Meghraj and Sons Ltd.	10½%
Bank of Ireland	10½%	Midland Bank	10½%
Bank of Cyprus	10½%	■ Morgan Grenfell	10½%
Bank of India	10½%	National Bk. of Kuwait	10½%
Bank of Scotland	10½%	National Girobank	10½%
Banque Belge Ltd.	10½%	National Westminster	10½%
Barclays Bank	10½%	Norwich Gen. Tst.	10½%
Beneficial Trust Ltd.	11½%	People's Tst & Sv. Ltd.	12 %
Brit. Bank of Mid. East	10½%	R. Raphael & Sons	10½%
■ Brown Shipley	10½%	P. S. Refson & Co.	10½%
CL Bank Nederland	10½%	Roxburghe Guarantee	11½%
Canada Permn't Trust	10½%	Royal Bk. of Scotland	10½%
Cayzer Ltd.	10½%	Royal Trust Co. Canada	10½%
Cedar Holdings	11 %	■ J Henry Schroder Wagg	10½%
■ Charterhouse Japhet	10½%	Standard Chartered	‖10½%
Choulartons	11½%	Trade Dev. Bank	10½%
Citibank NA	10½%	TCB	10½%
Citibank Savings	¶11½%	Trustee Savings Bank	10½%
Clydesdale Bank	10½%	United Bank of Kuwait	10½%
C. E. Coates & Co. Ltd.	11½%	United Mizrahi Bank	10½%
Comm. Bk. N. East	10½%	Westpac Banking Corp.	10½%
Consolidated Credits	10½%	Whiteaway Laidlaw	11 %
Co-operative Bank	*10½%	Williams & Glyn's	10½%
The Cyprus Popular Bk	10½%	Wintrust Secs. Ltd.	10½%
Dunbar & Co. Ltd.	10½%	Yorkshire Bank	10½%
Duncan Lawrie	10½%		
E. T. Trust	11 %		
Exeter Trust Ltd.	11 %		
First Nat. Fin. Corp.	12½%		
First Nat. Secs. Ltd.	12 %		
■ Robert Fleming & Co.	10½%		
Robert Fraser & Ptns.	11 %		
Grindlays Bank	‡10½%		
■ Guinness Mahon	10½%		
■ Hambros Bank	10½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%. 1 month 8.00%. Fixed rate 12 months £2,500 9.75% £10,000, 12 months 10.00%.
† 7-day deposits on sums of under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8½%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.

UK NEWS

Electronics industry may gain 10,500 jobs

BY GUY DE JONQUIERES

A NET gain of more than 10,500 jobs is expected in the British electronics industry by the end of next year, mainly due to expansion by smaller companies, according to a survey. That would be a 3 per cent increase in employment in the industry.

The survey, carried out among more than 900 UK-based electronics companies in September by Electronics Location File, excludes the impact of new investments by foreign companies not yet operating in Britain. Such investments, mostly by U.S. companies, could create as many as 2,000 further jobs in the next year.

Another report, published yesterday by the Computing Services Association (CSA), estimates that employment in the UK computer software and services industry has risen by more than 3,000 people, or 9.4 per cent in the past year.

Annual revenues of the CSA's 200 member companies rose by about 20 per cent to more than £1bn. Their overseas revenues grew by more than 30 per cent to £136m.

The CSA and the Electronics Location File, however, both emphasise that availability of qualified staff is crucial to the future growth of high-technology industries and they express concern about worsening skill shortages in Britain.

More than half the companies surveyed by Electronics Location File plan to increase their workforce in the next 12 months. More than 60 per cent of the new jobs would be in companies with fewer than 500 employees, and one third of the companies planning to hire more staff employ fewer than 100.

The survey finds that many larger electronics companies are still shedding labour. Most of the disappearing jobs involve unskilled labour, while those being created require skilled and semi-skilled staff.

Most smaller companies say they lack in-house training facilities and will seek trained staff. Moreover, more than 4,000 of the 10,500 extra staff being sought in the next year are wanted by companies in south east England, where skill shortages are said to be the most severe in the country.

One third of the companies surveyed said availability of skilled labour was poor, and only one fifth said it was good. Areas with the best supply of qualified staff are reported to be the South West of England, Wales and Scotland.

The CSA said that its survey had found "overwhelming evidence" that shortage of qualified staff had limited the growth of its member companies' business.

According to Electronics Location File, more than half of UK-based electronics companies are satisfied with their industrial relations.

* *National Manpower Survey of the British Electronics Industry, by Electronics Location File. Full survey £110, summary £10. Published by Urban Publishing, 17 The Green, Richmond, Surrey TW9 1PX. Members Survey 1984, Computing Services Association, Hanover House, 73-74 High Holborn, London WC1V 6LE.*

Ruling by court may open tax loophole

By Raymond Hughes, Law Courts Correspondent

A POSSIBLE tax loophole, enabling people to reduce their tax liabilities by buying shares in limited partnerships expected to make initial losses, has been opened by a decision of the Court of Appeal.

Lord Justice Dillon said yesterday that, if there were a loophole, it could be remedied by an amendment of the Income Tax Acts. The court dismissed an Inland Revenue appeal which turned on the extent to which a limited partner could claim tax relief in respect of partnership losses.

The court was told that a substantial number of other cases, involving large sums in tax, would be affected by the ruling.

Lord Justice Dillon said that on March 28, 1978, the taxpayer, Mrs Marjorie Young, contributed £10,000 to become a limited partner of a firm producing films. There were 19 limited partners and one general partner.

In its first accounting period to March 31, 1978, the partnership lost £650,000. Mrs Young's proportion of that loss was about £41,000, and she argued that she was entitled to set that off against her income for the year 1977/78.

The Revenue argued that it was nonsense to talk of Mrs Young having lost £41,000 since her liability under the partnership, and therefore her loss, was limited to £10,000.

Her contribution had been finally and irredeemably lost by March 31, 1978, and should be written off in the partnership accounts, the Revenue claimed.

Rejecting that argument, Lord Justice Dillon said that the correct course would be to debit each limited partner with his share of the loss and carry it forward against his entitlement to any future profits.

The judge said that if the decision opened a loophole, it might not be as great as at first appeared. There could be no set-off of tax losses unless the trade or business was carried on on a commercial basis and with a view to the realisation of profits in the trade.

If a share of losses was set off against other income, it could not be available to mitigate tax on the partner's profits in subsequent years.

Fast franchise growth predicted

BY IAN HAMILTON FAZEY

AT LEAST 280,000 jobs are expected to be created in the next five years through the continued rapid growth of franchising in the UK.

The industry has a turnover of £1.04bn and this is forecast to rise to more than £5bn, at 1984 prices, during the same period.

These are the main findings of a survey of UK franchising commissioned by the British Franchise Association (BFA) and sponsored by National Westminster Bank. The work was carried out by Power Research Associates, an independent London surveys company.

The industry employs about 50,000 full-timers and 21,000 part-time workers at present. The likely fivefold increase in jobs, which the BFA says in conservative, is encouraging the association to press the Government for help on training costs and extension of the Enterprise Allowance Scheme to new franchise owners.

Three growing markets account for two thirds of all franchises: home improvements and maintenance (31 per cent), food and drink (18 per cent) and business services (17 per cent).

The home improvements and maintenance sector contains many "job franchises" for one-man operators. This is reflected in its contributing only 10 per cent of total franchise turnover, compared with food and drink's 29 per cent and business services' 21 per cent.

Franchising provides the franchisor with a means of expanding by using other people's capital. The average franchisee has to raise £26,000, of which £5,000 is the franchise fee.

The rest goes on fittings and equipment, although the range here is great, from only £1,000 in a home improvements "job franchise" to £75,000 in a restaurant.

Recurring annual payments to the franchisor average £9,900, arising from 5½ per cent royalty on turnover and 4½ per cent mark-up on supplies.

There are about 230 active franchises, in the sense of each having appointed at least one franchisee. Average number of units per franchise is 37, making the national total over 8,300. Average employment is five full-timers and two to three part-timers per unit, in addition to the franchise.

The rate of growth is shown by the fact that only a quarter of active franchises were in operation five years ago.

About 40 per cent of franchisees run more than one unit. This means that average turnover per unit is £125,000 while the figure per franchisee is £191,000.

Failure rates appear low, with only 2 per cent closing down in the course of a year. Nearly 80 per cent have plans for expansion and 65 per cent say that their relations with franchisors are satisfactory.

There is a strong regional bias, with London and the south-east counties accounting for 49 per cent of turnover, 49 per cent of franchises and 44 per cent of units. The most under-represented regions are the North and North-west of England.

Among the franchisees in operation in 1979, average turnover rose from £97,000 to £270,000 over the past five years.

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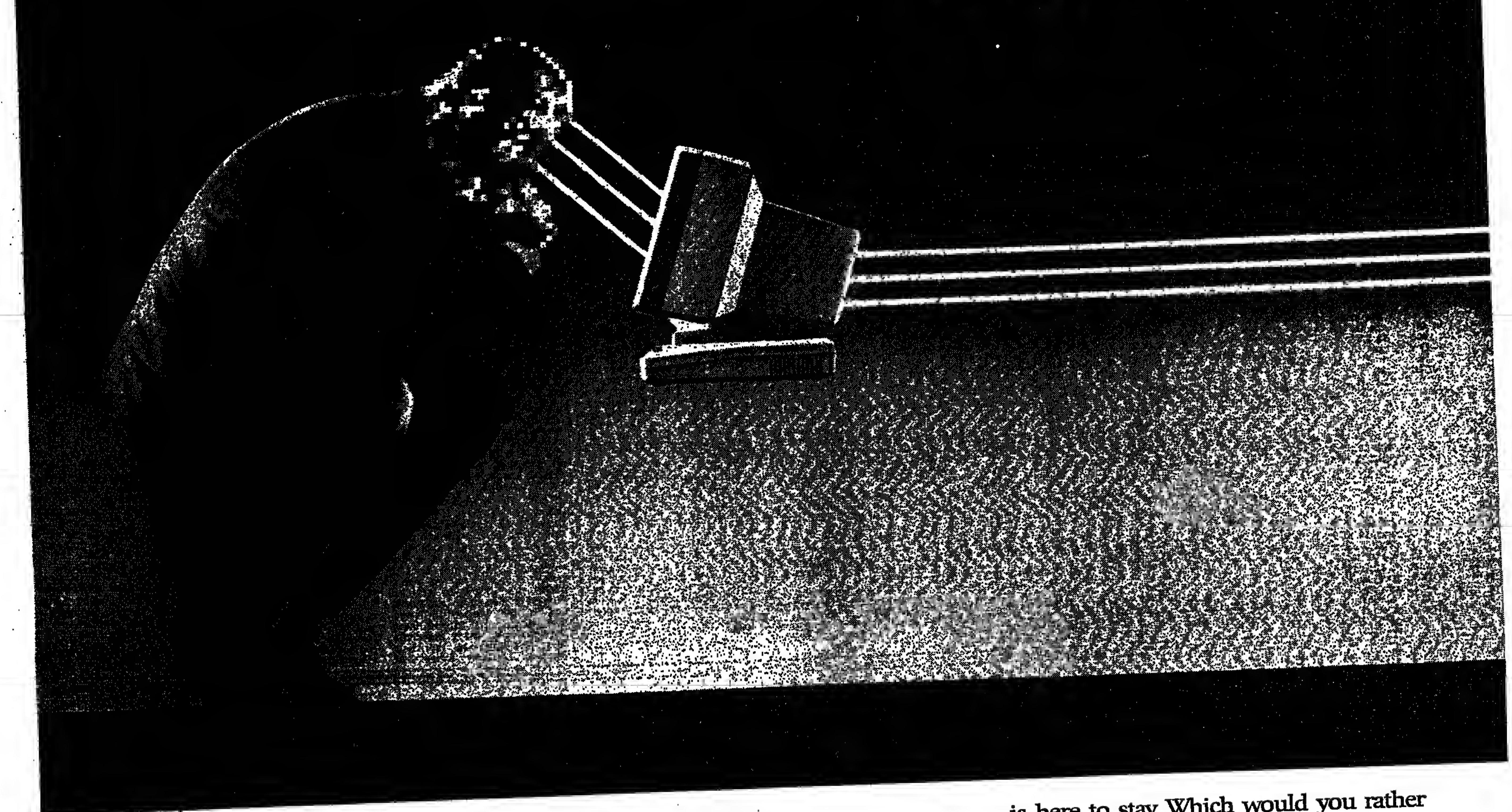

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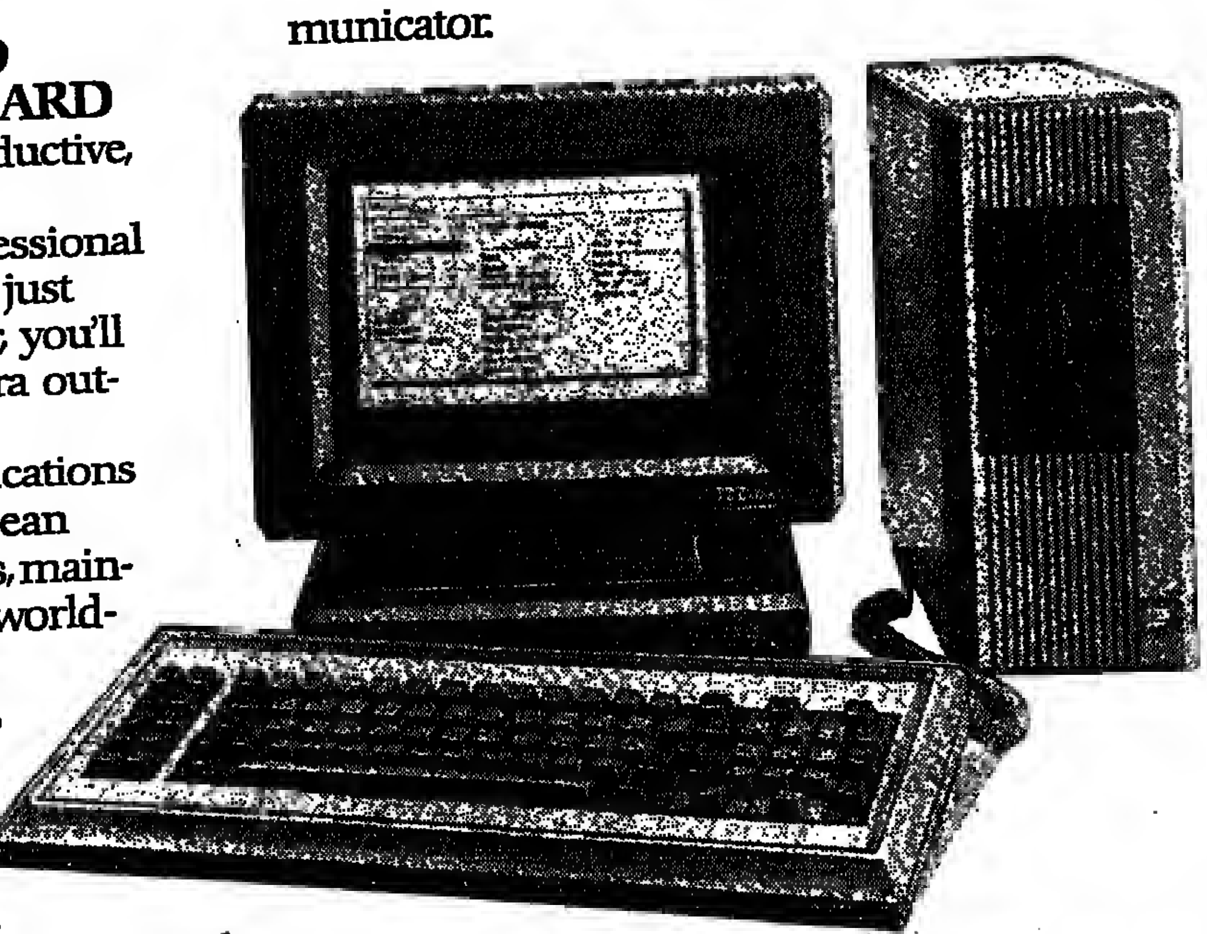

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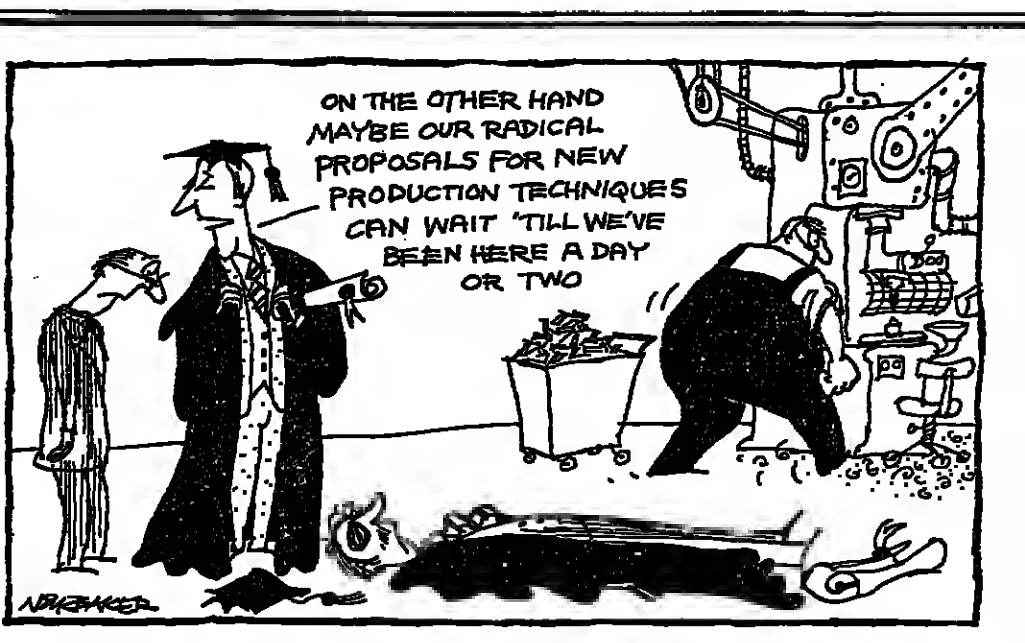


A productive if not riveting experience

Peter Marsh on a UK industrial training scheme for graduates

"INVESTIGATING rivet-forming techniques—it's not a tremendous way to spend your life if you've spent four years in an academic environment and have ambitions to become managing director of Shell."

That is how John Wright, managing director of the Bifurcated and Tubular Rivet Company, sums up the difficulties of persuading well-educated and capable engineers to become involved in the intricacies of traditional manufacturing businesses.

Wright faced the problems during an always interesting, sometimes turbulent, spell in which five graduate engineers descended on his Aylesbury factory as part of a Government-run training programme.

The project was intended to educate the engineering graduates in industrial practices—and to ensure that some of their theoretical ideas rubbed off on the company.

Rivets are tiny pieces of metal with which manufacturers fasten a range of goods—anything from bandbags to aircraft parts. Companies turn out the items at the rate of tens of millions a year with machinery that, in many cases, has altered little since the First World War.

Using the machinery, small bits of metal are snipped off from long rods. Then they are squeezed between dies to make the "bead" of the finished rivet.

Although large sections of the consumer and industrial goods industries would literally fall apart without them, rivet manufacturing is hardly riveting to those not brought up in the business.

That sentiment came out into the open when five engineering graduates joined the Betec group (a holding company that owns Bifurcated and others in the fastener industry) over a three-year spell that has just finished. The graduates were all in their early 20s and had worked in other jobs in industry for a year or so after completing their degrees.

Wright admits that the attitudes of the relatively fresh-faced graduates and those of his 92-year-old company were sometimes at odds.

But he says that the company gained from the experience. "We got an understanding of modern technology and engineering skills. And to have intelligent and articulate people coming into the business had an invigorating effect. They were not the kind of people to lie down easily."

The salaries of the graduates, four from Cambridge University and one from Surrey University, were paid for mainly by the Government under what is called a teaching company scheme. These projects, administered by the Science and Engineering Research Council and Department of Trade and Industry, are designed to promote the acceptance in industry of new engineering techniques and to school graduates in the problems of working for companies.

A third aim is to foster research links between the participating company and an academic institution that formally employs the graduates during the time they work in the scheme. In the case of the Bifurcated project, the academic institution was Oxford Polytechnic, whose research facilities the five could use during their time with the company.

To add to the sparks as the newcomers and rivet company met head on, the Bifurcated project took place against a background of severe commercial difficulties. As a result of spiralling sales, the Betec group was in the midst of reorganisation during which it drastically slimmed down its operations.

One result is that employment in Bifurcated's Aylesbury factory has fallen from 500 in 1981 to 300 today. "The graduates certainly found out about crisis management," Wright comments.

The frenetic atmosphere spawned by the reorganisation had two contrasting effects. It meant that the company initially had difficulties in planning a concise programme for the graduates. But as a result of the "backs to the wall" mood of the company, it was perhaps more prepared to listen to the sometimes radical suggestions from the newcomers.

"When they first came here, we asked the graduates to give their initial impressions," reports Wright. "They were critical of aspects like costings procedures. They had come from a very theoretical background. They saw everything in black and white and were critical of the grey areas."

The individuals had a somewhat ethereal role. They performed management functions yet were not part of the company's employee structure. They could talk to managing director and shopfloor workers on equal terms.

The graduates (more correctly called teaching-company associates) were given specific tasks in areas where the company felt improvements could be made. One important job was to examine the pricing structure for the factory's products.

Bifurcated makes rivets in an astonishing 10,000 permutations. The length and shape of the rivet—and the metal from which it is made—varies according to whether the items finish up in cars, cans of paint, boots and shoes or any other of a myriad of industries to which the company sells.

The company has tried to encourage standardisation to cut its administration and production costs. But due to insistence by customers on rivets of a specific type to suit a particular project, such efforts often come to nothing.

The manufacturing hardware itself varies depending on the complexity of the rivet. Items with a particularly complicated head, shaped with several dies, are made with equipment that produces rivets relatively slowly, perhaps at the rate of 150 a minute.

Standard rivets, on the other hand, are shot out with machine-gun velocities at up to 1,000 a minute. The weekly output of a specific rivet can vary between a few thousand and one million.

With this range of products, straightforward management questions may be difficult to answer. For example, it may take longer to set up a machine to make a low number of rivets than it takes to produce the goods once the machine is running.

In such cases, could the company save money by making the rivets a different way? And if the job is thought to be worth doing, what prices should be charged?

Wright admits that the pricing structures for some of the company's products were "rather illogical." Following suggestions by the teaching-company associates, Bifurcated is revamping its prices.

The engineering graduates did their bit in educating the Bifurcated management about computers. They designed an office communications system installed in the Birmingham factory of Black and Luft (another company in the Betec group). A similar set of hardware may soon be operating in Bifurcated's plant.

In a third project, one of the graduates helped in the development of a new hand-held riveting gun. The engineers had to relate the mechanical aspects of the gun to the stress in the rivets that it presses into position. In the process, they arrived at the optimum design for the rivets that the unit could handle.

In another task, the associates designed a monitoring system to keep track of the down time of rivet-forming machines and improved the processes by which rivets are automatically weighed and put into boxes.

The Bifurcated project only partly succeeded in one key objective of the teaching company concept — to increase the numbers of qualified production engineers who are working in industry. Of the five graduates, only two are still with engineering companies. They are David Thompson, who is a production manager with a furniture company in Cornwall and Martin Sharp, who works for Aylesbury Automation, a sister company of Bifurcated.

Of the others, Phil Jones has gone on to become a software specialist with a finance house, Joe Whitehead has gone to Havard to do a business course and Denise Morrey, the one woman in the group, has a teaching post at Oxford Polytechnic.

Details about exactly what happens to the people who leave teaching-company schemes (of which 250 have been set up since the projects started in the late 1970s) are rather scarce. The Science and Engineering Research Council has just started an exercise to gather the information.

Bifurcated, meanwhile, continues to have links with the polytechnic and is in the process of setting up contracts in which it pays the institution's staff to do research.

Another change is that Wright has modified his views on graduate engineers. He used to think that as a result of too much theoretical training such people were of little use to companies such as his. "I now have more faith in graduates—though I would rather employ one who had been through a teaching-company scheme first."

Book review

The engineering student

BY DAVID SAWERS

CONVENTIONAL wisdom about the attitudes of the young to engineering and to industry are questioned in a new book. A comprehensive survey on the attitudes of students in universities and polytechnics, undertaken in 1982 as part of Brunel University's research on higher education, it shows that engineering students came from higher social classes than did students in other faculties, that they were keen to work in industry, happy to work for a profit-making organisation, put more importance than other students on high future earnings, and believed that a strong private sector was essential to the economic health of the country.

The A-level results of engineers were second only to those of mathematicians, and just above average for university students. This result is confirmed by national statistics. Since the mid-1970s, when the entrants to engineering courses were below average in terms of A-level grades, the standard of university engineering students has risen to reach the average, and equal that of scientists.

There was a sharp contrast between the A-level results of university and polytechnic students; by the scoring system used, the results of the polytechnic students were half as good as those of the university students, with little difference between faculties, but with the students of business studies having the best grades. This contrast helps to explain the apparent prejudice against graduates from polytechnics shown by businessmen interviewed in another part of Brunel's research. But the polytechnic engineering students were even keener than the university engineers to work in industry, and even more placed importance on high future salaries.

Only in engineering and computer science had a majority of students had an occupation in view before they entered a university or polytechnic; most students of other subjects felt that they needed time to decide on an occupation, or wanted to acquire general skills. The engineers and computer scientists were also those who placed most importance on using the skills they had acquired on their courses in their subsequent careers, along with those taking business studies; but there was a gradual variation between faculties, with the historians and economists placing least importance on the future use of the skills they had gained on their courses.

Students of economics come out as surprisingly unvocational in their attitudes; nearly 80 per cent were not inclined towards an occupation when they began their course, and the same proportion had chosen economics because they wanted to "pursue their own subject," while nearly half thought the future use of their skills was not important. Economics was grouped with history and mathematics as a subject considered of little utility, and seems to have become a purely academic discipline in the eyes of its students.

When students were asked whether they thought that their course had prepared them well for the sort of employment that they had in mind, it was again the economists, historians and mathematicians who thought their courses had done least, and the students of computer science, engineering and business studies who thought it had done most. The university engineers thought that their courses had been less useful than did the polytechnic engineers.

Students seem to fall into two broad groups: those following traditional academic subjects—history, economics, sociology, mathematics and chemistry—in which the majority were studying the subject out of general interest rather than as a preparation for a chosen career; and those studying more vocational subjects—engineering, computer science, and business studies —in which the majority were studying with a career in view and were inclined towards a career in industry.

The majority of students in the academic group seemed disinclined to make a career in industry—yet it would seem, from Brunel's survey of employers, that it is from this group that employers seek to recruit future managers. Their behaviour seems somewhat perverse. If they want to recruit graduates with more relevant qualifications, they should have no problems in finding them.

The one career that hardly any student wanted was the civil service; only among the sociologists, who were least interested in working in industry, did more students prefer the civil service to an industrial career, and 79 per cent of them thought a civil service career attractive. It is not surprising that the Civil Service Commission has been complaining about the quality of applicants, another piece of the conventional wisdom disappears. Industry does not face much competition for graduates.

"The rising status of engineers' expectations of higher education: a survey of students attitudes, by C. J. Boys. Available from Brunel University, price £3.30.

David Sawers is principal research fellow at the Technical Change Centre.

Thesis competition

THE Institute for Research and Information on Multinationals (IRM), which is backed by Nestlé, is sponsoring its second international competition for the best three university theses on multinational corporations. The first was held in 1982.

The winning theses will be chosen for their contribution to the study of multinationals and particularly their impact on society.

The competition is open to students who have, or will have, fulfilled requirements for a doctorate between February 1982 and February 1985. Theses on the internal management of multinationals are specifically excluded.

The judges will include academics from seven universities in Western Europe and the U.S. The results of the competition will be announced in September 1985; the first prize is SwFr 8,000, the second prize SwFr 6,000 and the third prize SwFr 4,000.

Applications must be submitted before February 28 1985. Full details can be obtained from IRM at 45-47 rue de Lausanne, 1201 Geneva, Switzerland. Telephone (41-22) 32 53 32.

TECHNOLOGY

EDITED BY ALAN CANE

COMPUTER PROGRAMS

Serious software for home users

IN ONLY two months on the market, Triptych Publishing has sold more than £100,000 of computer programs. The company was set up 18 months ago by Stuart Armstrong, Duncan Baird and David Juster. The aim was produce serious software for home computer owners.

The three founders felt that adults were being alienated from using home computers because the software available was predominantly of the games variety. David Juster said that adults were interested in using computers in a more practical way.

Triptych has launched eight computer programs so far. They mainly have e business slant. Project Planner, for example, shows bow a complex project can be broken down into smaller parts, bow important each task is and how long each job should take.

Each program is split into sections. The first section teaches the user the principles behind the subject and provides tutorial work while the final part is the application itself.

The company hopes to ettract small business people who do have a need for e computer, but do not necessarily want to learn details of how to program. Triptych has developed e computer program which takes someone through the process of setting up a new company. Having lived through the experience themselves, the founders feel that the program contains e lot of practical help.

Currently the programs run on machines such as the Sinclair Spectrum, Commodore 64 and the BBC B microcomputer. By next year they bope to bave the system running on the IBM range of personal computers.

As well as its own work, the company is also writing software for other organisations. For example, Collins, the book publishers, has asked Triptych to write several programs and the young company will also produce one of the programs for Marks and Spencer which is to launch its own series of software in e few of its major stores at Christmas.

USERS OF TELECOM GOLD ARE ENTHUSIASTIC DESPITE TEETHING PROBLEMS

Missives on the electronic mail line

BY IAN HAMILTON FAZEY

ELECTRONIC MAIL is so useful that people subscribing to Telecom Gold are prepared to put up with the technical niggles and hiccups that are the bane of the electronic letter writer.

That is the chief conclusion to be drawn from the many replies to the article published on this page on October 15, when we invited other Telecom Gold users to mail me electronically about their use of the system and the problems they have. E-Mail, as it is becoming universally known, is clearly here to stay.

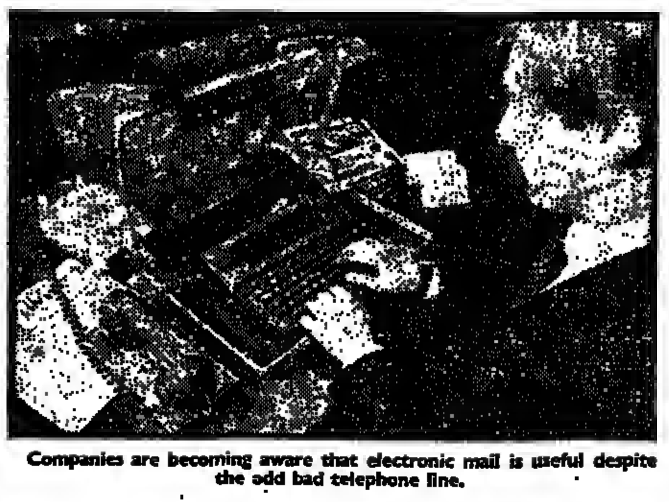
This article was transmitted by it. It was written in Liverpool on an Acorn BBC-B microcomputer. By means of a software package and a modem, it was then sent down the phone lines to e Telecom Gold computer in London. This then put out the article to the FT as e telex.

There have been problems in two months of using the system. It takes nearly 30 keystrokes—plenty of room for time-wasting human error—to get to Telecom Gold via the Liverpool Packet Switch Stream (PSS). This is a data transmission link designed to cope with electronic signals rather than speech. Its advantages over dialling tha computer direct are that it is cheaper (local call rates as opposed to long distance STD) and data is supposed to arrive uncorrupted by "noise" on the line familiar to every telephone user.

Difficulties have included not being able to get through (frequent) and being thrown out of the system in the middle of transmitting copy (infrequent). The other main problem has been data corruption that has led to copy being sent to tha FT in unreadable strings of gobbledeygook.

Many readers experience similar problems, though GKN's Tony George (GKN002) at group head office in Redditch mailed me in an attempt to relate fewer difficulties. Unfortunately, this testimonial for the system was marred by corruption in the first sentence and the curtailment of the second after five words and tha latter "T". A telephone check also confirmed that his first name is not "CCCCTONY," as sent.

Tim Brunton (PA1021) says that PA Technology in Cambridge bas experienced my problems and more, but the system is proving very popular with travelling executives who use it to exchange management information between different databases. Better modems, leased PSS lines and more sophisticated terminals and computers were producing better results.



Companies are becoming aware that electronic mail is useful despite the odd bad telephone line.

This point about equipment was echoed by other respondents. "Get yourself some decent kit," was the advice of Anthony Burton - Brown (BKU001), who has just created a E-Mail network for the DTI for people too deaf to use the phone. He recommended the £800 Zycor Mkt 2 CI modem. Others singled out the communications software in ACT's Apricot range of computers. You just need to buy an Apricot to use it.

But my equipment is "decent" and has gradually expanded to about £2,000-worth. Many small businesses have found this a relatively inexpensive route into a good standard of computing. Is it reasonable to spend even more money on something that, theoretically, should not be needed? Surely that is to oblige the customer to solve the supplier's problem? If the roads break up under the weight of traffic, is the answer for all of us to buy Range Rovers to cope?

Peter Bury, managing director of Telecom Gold, concedes the point. Though nearly all users, including me, are very happy with Gold's software, it is the British Telecom network needed to get access to it that seems to cause many of the problems. Bury is not responsible for this though he admits that most annoyed users do not apportion blame among the separate parts of what is e total package.

He has largely solved problems of overload at Gold beadquarters — for a while et least — by opening up a fourth large computer this month. With numbers of mailboxes now over 13,000 and growing, response time was slowing down as more users tried to get into the system. According to PSS marketing management, this was why, often, one could not get through to one's mailbox — it was the E-Mail equivalent of the engaged tone, not PSS's fault.

PSS response to data corruption, however, was to affect dumbfounded puzzlement. "It just shouldn't happen," a spokesman said. But PSS management knows that it happens: that is why a system called EPAD is being developed to fit in PSS exchanges: its job will be to spot and correct corrupted data. "It's some way off yet but, yes, we are doing it," Andrew Emerson (TCR:001) of British Telecom admitted.

Until then, you can buy newly developed commercial software to fit in your computer to do the job, but this brings us back to the issue of the customer having to pay more to bring the supplier's service up to scratch.

These problems aside, the value of Telecom Gold should not be overlooked. For example, Mandy Alford (AAC001) runs her own word-processing business in London with her principal client a firm of patent attorneys in Pittsburgh. She uses E-Mail to obtain the basic text which she then processes for express submission to the London Patent Office. The process is secure, often cheaper and days faster than the ordinary mail or courier services that had to be used before.

Sotires Eleftheriou (JNL205) publishes e daily technology newsletter in Paris. He expects E-Mail to make it an instant worldwide service, overcoming delays in the ordinary mail that sometimes leave his U.S. subscribers weeks behind with their copies. He is giving complementary mailboxes with subscriptions.

Niels Andersen (TBW007), financial director of the TBWA International group of advertising agencies, is trying to link the group's companies in 12 countries by E-Mail. Gold is the core of his system and he rates it highly despite problems, pointing to even greater difficulties abroad in finding the right modems and software to get "on" to what is supposed to be a working international network.

He says: "It has taken us much more time and required more technical understanding than would be acceptable or feasible for a lot of smaller and medium sized businesses. This must change, both in the form of more technical oriented help from Telecom Gold, and from at least e basic understanding of electronic mail by computer dealers, as well as more help from the manufacturers themselves."

But Andersen says it is worth the difficulties. Key senior secretaries have work stations equipped with E-Mail, telex, wordprocessing and data management. Managers are being given rudimentary knowledge of E-Mail and telex and all will have desk terminals within two years.

Capital savings on telex equipment alone will be substantial. Eventually, the group will have its own electronic bulletin board which offices all over the world will be able to access for company information, files relevant to several offices at once, "transparency" across all offices on work being done for a particular international client, and a "diary" showing the movement of key executives, thus saving the costly process of chasing them

Automotive

Engine testing

VOLVO HAS ordered a computerised engine test system from Antosense Systems of Bicester, part of the United Technologies group. The contract is worth nearly £700,000.

A total of seven test cells, with plug-in connections for water, fuel and exhaust, will be equipped with a high speed data acquisition system (1000 measurements per second on 64 channels) controlled by a Digital Equipment dual LSI 11 computer.

In addition to full colour graphics displays that give immediate test results, the system records the performance of every engine tested.

The software accomodates great flexibility of test techniques to allow for future test requirements such as smoke emission.

Autosense has recently secured contracts in Germany and France and has done similar work for Lotus Cars, Lister (Hawker Siddeley) and for Shell Research (a £3.8m test facility).

Memories

Computer disks

FLEXIBLE disks are to be manufactured in the UK by Parrot Corporation. This new company is spending £2.5m on a factory in Cwmbran, South Wales.

Parrot is building a fully computerised manufacturing plant for the disk production which will be completed by January 1985. Employing 350 workers, the factory will produce a range of 8 in, 5 in disks recently developed.

Terminals

Mobile telephone

ERICSSON has launched its second generation of mobile telephones aimed at the Scandinavian market. Half the size of the previous models, the PT sets come in four types. Some of the facilities included in the units are abbreviated dialling for up to 99 numbers, repeat dialling, storing numbers, electronics timer and lock.

The handsets are made by Ericsson Radio Systems which hopes to sell 15,000 units for the Nordic mobile radio system by 1985. More details from the company at S163 80, Stockholm, Sweden.

Telecom

Display monitor

WESTINGHOUSE Electric has introduced a cathode ray display monitor only one inch in diameter. Dr Martin Green, its manager of electro-optical development engineering said: "In spite of its size, the resolution is so good you can put as much legible information on it as you can on a high quality 19 inch television screen."

It was developed for military uses but non-military applications include phototypesetting and maintenance terminals.

More on 06284 75876.

THE ARTS

Arts Week

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Opera and Ballet

PARIS

Ballet Evenings at the Paris Opéra: Shostakovitch's First Storm, a creation by Lucinda Childs, the American choreographer who has already worked with the Paris Opera Research Group, with Elisabeth Platel, Jean Guizerix, Yannick Stephant and Olivier Patey, to be followed by Stravinsky's Sacre du Printemps in Maurice Béjart's version stripped of all artifice and Picturesqueness, with Cyril Atanassoff/Jean-Pierre Franchetti/Jean Guizerix and Françoise Legrée/Elisabeth Platel. The evening ends with Serge Lifar's Icare in Picasso's decor and costumes, a ballet accompanied only by percussion, leaving human bodies to express the melody, with Patrick Dupond/Charles Jude/Jean-Yves Lormeau as Icare. Palais Garnier, Evenings and a matinee. (742.57.50).

WEST GERMANY

Berlin, Deutsche Oper: Janacek's rarely-played Aus Einem Totenhaus returns to the programme. The Magic Flute has fine interpretations by Lucia Peacock, Sylvia Greenberg and Bengt Rundgren. Madama Butterfly, sung in Italian, features Helga Wisniewska and Seppo Ruohonen. Der Fliegende Holländer has Wagner specialists Marita Napier and Gerd Brenneis in the main parts. Der Wildschütz rounds off the week. (34 381).

Hamburg, Staatsoper: Der Troubadour is steered to triumph by Natalia Troitskaya, as Leonora. Der Fliegende Holländer, a Wieland Wagner production, brings together Franz Ferdinand Nentwig in the title role and Sophia Larson as Senta. Ghena Dimitrova does justice to the title role in Turandot. (351151).

Cologne, Opera: Murieta, a world premiere composed for the Cologne Opera by Jens-Peter Ostendorf, a young German, is based on Pablo Neruda's drama Death and Glory. It describes the life of Joaquin Murieta as a Chilean immigrant in California. Produced by Hans Neugebauer, the opera has Allan Evans in the title role with Dolores Ziegler and Mathias Hölle singing other leading parts. The musical director is Stewart Bedford. Further performances are Carmen, with Barbara Hendricks and Josef Protschka, and Die Entführung aus dem Serail. (20761).

LONDON

Royal Opera House, Covent Garden: Carmen, a decade-old production now beginning to show its age, introduces to London the title-role performance of Teresa Berganza (of whom the same might be said); José Carreras, Valerie Masterson and Giorgio Zancanaro are the other principals and Jacques Delacôte conducts. Also Boris Godunov. (240 1066).

ITALY

Trieste: Teatro Verdi: Saint-Saëns's Samson et Dalila sung by Carol Cossutta and Maria Luisa Nave (Thur). (631948).

Venice: Gran Teatro la Fenice: The Ballet company of the Arena di Verona dancing to music by Frank Zappa and Pink Floyd. (Tue).

NEW YORK

Metropolitan Opera (Opera House): The week includes the first seasonal performance of Il Barbiere di Siviglia conducted by Silvio Varviso with mezzo Julia Hamari and baritone Leo Nucci; Manon Lescaut conducted by Nello Santi; La Bohème in the local conducting premiere of Placido Domingo, as well as Jean-Pierre Ponnelle's new production of La Clemenza di Tito conducted by James Levine and starring Renata Scotto, Tatiana Troyanos and Kenneth Riegel. Lincoln Center (362 6000).

New York City Opera (New York State Theater): The week features the premiere of Philip Glass's opera Akhnaten directed by David Freeman and conducted by Christopher Keene, with mezzo Marta Senn and tenor Christopher Robson. Frank Corsaro's production of La Traviata conducted by Klaus Weise; Lakme with soprano Gianna Rolandi, mezzo-soprano Susanne Marsee and tenor Barry McCauley as directed by Fabrizio Melano and conducted by Imre Pallo; The Magic Flute; and Cavalleria Rusticana/Pagliacci. Lincoln Center (870 5570).

WASHINGTON

WASHINGTON OPERA (Opera House): The season opens with Gian Carlo Menotti's 1983 production of La Bohème conducted by John Mauceri with Sheri Greenawald as Mimi and Jerry Hadley as Rodolfo, along with a new production of The Merry Widow with Mary Jane Johnson in the title role and the D'Oyly Carte's Donald Adams as Baron Zeta, conducted by Carl Stewart Kellogg. Kennedy Center (254 3770).

CHICAGO

Lyric Opera (Civic Opera): The season continues with Luciano Pavarotti in the title role of Ernani, with Grace Bumbry as Elvira and the Metropolitan Opera's production of Abduction from the Seraglio with Ruth Welting as Constanze, Francisco Araiza as Belmonte and Kurt Moll as Osmin. (332 2244).

NETHERLANDS

Amsterdam, Stadsschouwburg. Netherlands Opera stages Jommelli's La Schiava Liberata, directed by Rhoda Levine, with the Tafelmusik Ensemble under Alan Curtis. (242311).

Scheveningen, Circus Theatre. Netherlands Opera with Don Giovanni. The title role is sung by John Bröcheler and the other soloists include Roberta Alexander and Ashley Putnam. With the Netherlands Chamber Orchestra and the Netherlands Opera Choir under Edo de Waart. (558800).

Theatre

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm and an exotically expanding man-eating prickly plant. (930 2578).

The Real Thing (Strand): Jenny Quayle and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious-levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rustling around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

West Side Story (Her Majesty's): Classic musical returns to its original London home with a fresh young cast of good singers and dancers. The thrills and spills of Bernstein's score and the Robbins choreography remain breathtakingly intact. (930 6606).

On Your Toes (Palace): Rodgers and Hart's 1936 musical is a genuine tonic. American jazz dance collides with the Ballets Russes. Gems include There's a Small Hotel, Glad to be Unhappy and the Balanchine ballet for Slaughter on Tenth Avenue. (437 6834).

NEW YORK

Sunday in the Park with George (Booth): Not your conventional musical, Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring Georges Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately leash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rodgers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organisation has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as emotions rather than emotions. (239 6200).

Noises Off (Brooks Atkinson): Dorothy London brings Michael Frayn's backstage slapstick farce to Broadway via Michael Blakemore's production that includes Brian Murray, Paxton Whitehead and Victor Garber as her backstage conspirators. (245 3430).

The Real Thing (Plymouth): After 14 months in London, Tom Stoppard's latest giggle at the English intelligentsia, with a new-found attention to the heart that beats beneath the veneer, directed at a fast clip by Mike Nichols. (239 6200).

Glengarry Glen Ross (Golden): The Chicago cast from the Goodman Theatre provided David Mamet with a Pulitzer Prize for his latest work that pits fast-talking real estate salesmen against the world and each other. (239 6200).

WASHINGTON

Nest of the Wood Grouse (Eisenhower): Victor Rozov's Soviet comedy puts a human face on the local nemesis in the form of Eli Wallach and Anne Jackson as a Russian diplomat and his unpredictable family. Ends Dec 1. Kennedy Center (254 3670).

TOKYO

Cats (Cats Theatre): Approaching its first birthday and therefore Japan's longest-running (consecutive) play, this Japanese version is worth seeing. Excellent set, good dancing, Kabuki-derived movement, Shiki company, directed by Keita Asari. Last chance to see the production in the special tent theatre. Moves house Nov 10. (320 1001).

Exhibitions

WEST GERMANY

Hanover, Forum des Landesmuseums, 5 Am Markte: A big retrospective, comprising 185 paintings, watercolours and drawings, highlights the oeuvre of Ludwig Richter (1803 to 1884), the German landscape and genre painter. Ends Nov 24.

Berlin, Nationalgalerie, 50 Potsdamer Strasse: More than 20 works of paper by Luciano Bartolini, the Italian artist, some of the installations created for the show. Ends Nov 9.

Goslar, Mönchehaus, Mönchehausstrasse: Bronze sculptures by Willem de Kooning, the abstract expressionist U.S. artist, who won this year's Goslar cultural prize. Ends Dec 6.

ITALY

Venice: Palazzo Ducale: The Treasures of the Pharaohs—a rich and fascinating exhibition of more than 60 works (lent by the Cairo Museum)—covering over 3000 years, and containing an enormous variety of objects from mundane things such as combs and cooking pots to the contents of Tutankhamun's tomb. Until End of December.

Venice: Museo d'Arte Moderna di ca'Pesaro Egon Schiele: 1890–1918. Almost all works of this extraordinary painter. This exhibition was at the Campidoglio in Rome earlier this summer. Ends Nov 25. Open from 10.00am to 7.00pm (closed Monday).

LONDON

The Royal Academy: The Age of Vermeer & de Hooch—the final showing of the splendid exhibition already seen in Philadelphia and Berlin of Dutch genre painting of the 17th century. The major figures, Vermeer, de Hooch and ter Borch, with Steen, Dou and Metsu not far behind, naturally dominate the show. The final room, given over largely to the big three, is worth a visit in itself. The show is full of surprises and unlooked-for treats from the lesser figures, and demonstrates too that "genre" is no narrow and exact category, but one that embraces as much variety of interest and technique as does the everyday which it so affectingly describes. (until November 18).

National Gallery: The Golden Age of Danish Painting—a small and thoroughly delightful exhibition which brings to London effectively for the first time the work of the Danish School of the early 19th century. The works are portraits—somewhat neo-classical in manner, but in manner only—and charmingly personal and domestic. There is also landscape and topographical observation of an almost photographic immediacy and clarity. Købke and Eckersberg are the major artists. (until November 20).

PARIS

The Influence of French and Italian schools and fidelity to their national inspiration, the fascination with reality and romantic idealism, produced two contradictory tendencies in German painting in the second half of the 19th century. On the one hand, Arnold Böcklin, the symbolist, continues to mediate and dream of poetry and mythology. On the other hand the violence of colours of the New Realists announces 20th-Century Expressionism. Petit Palais, closed Mon. Ends Jan 13 (265.12.73).

Kandinsky: 70 paintings, many on loan from the U.S., Germany and Holland, are complemented by Nina Kandinsky's legacy of 700 drawings and sketches, by his correspondence, his library and his own collection. The vast retrospective, the most important in Paris since 1963, retraces the different stages in his creation: Munich, the Bauhaus and finally Paris. Centre Georges Pompidou, closed Tuesdays. Ends Jan 28. (277 1233).

VIENNA

Medieval Art from Serbian Monasteries: This exhibition from Yugoslavia of religious art from Serbian Medieval Monasteries covers the period from the 10th to 17th centuries and includes some intricately worked silver book covers, chalices and incense burners. Gilded icons are also of interest, showing a surprisingly modern angular technique in depicting garments. Other exhibits include illuminated manuscripts and copies of frescoes, and all show a fascinating intermingling of eastern and western artistic influences. Museum of Mankind. Ends Jan 20.

NETHERLANDS

Amsterdam, Allard Pierson Museum: Similar But Different, an exhibition marking the archaeological museum's 50th anniversary, is devoted to daily life in Egypt, from 3500 BC to 100 AD. Not grandeur, then, but domesticity, as the visitor is led through a series of small rooms (one a re-creation of an Egyptian interior) displaying everyday objects, delicate faience work, jewellery and religious artefacts. Richly illustrated catalogue. Ends Jan 1985. Concurrently, on the top floor, a remarkable display of the earliest photographs (1839-1860) of the monuments lining the Nile.

TOKYO

Ukiyo-e Prints and Paintings of the Floating World: (revolving round the theatre and Yoshiwara pleasure quarters). In one of the largest exhibitions ever mounted of this genre, 500 items depict a hedonistic 17th-19th century Tokyo. Tokyo National Museum. Ends Nov 25.

NEW YORK

Metropolitan Museum of Art: Te Maori begins its U.S. tour showing the native treasures of New Zealand, with a rich Polynesian heritage of stone and ivory ornaments, bone and stone weapons and wood carving. Ends Jan 6.

Museum of Modern Art: Primitivism in 20th Century Art has much good modern work by Picasso, Max Ernst, Brancusi among many others as well as striking tribal objects from Asia, Africa and North America, but the theme itself seems meant to fill space more than provide a better understanding of the primitives or the moderns. Ends Jan 15.

CHICAGO

Art Institute: 20th-century drawings from the superb permanent collection including works by Gris, Beckmann, Mondrian, Miró, Matisse, Moore and Picasso. Ends Nov 11.

WASHINGTON

Hirshhorn: The entire third floor of the gallery will be filled with 157 works of painting, sculpture, constructions and installations done in the past decade by 147 artists in celebration of the museum's 10th anniversary. Ends Jan 6.

Music

NEW YORK

New York Philharmonic (Avery Fisher): Andrew Davis conducting, Glenn Dicterow, violin. Oliver Knussen, Prokofiev, Beethoven (Tue): Andrew Davis conducting, John Browning, piano, Nexus percussion ensemble. Mozart, Saint-Saens, John Wyre (Thur). Lincoln Center (799 9595).

Carnegie Hall: London Philharmonic. Klaus Tennstedt conducting. Schubert, Mahler (Mon); Rosalyn Tureck keyboards recital with Bert Lucarelli, oboe, and Tureck Bach Players. All-Bach programme (Thur). (247 7459).

WASHINGTON

National Symphony (Concert Hall): Charles Dutoit conducting. Schumann, Mahler (Tue); Charles Dutoit conducting. Daniel Barenboim, piano. Beethoven, Prokofiev (Thur). Kennedy Center (254 3776).

CHICAGO

Music is the Message (Orchestra Hall): Youth concerts with members of the Chicago Symphony conducted by Henry Mazer. Dvořák, Weill, Rachmaninoff, Ravel (Mon mat); Kirk, Mozart, Weber, Villa-Lobos, Saint-Saens, Caillet (Wed mat). (435 8122).

Chicago Symphony (Orchestra Hall): Leonard Slatkin conducting. Joseph Guastafeste string bass. Haydn, Karlins, Elgar (Thur). (435 8122).

BRUSSELS

Palais des Beaux Arts: Belgian National Opera conducted by Georges Octors with Tortelier, cello. Debussy, Saint-Saens, Tortelier, Bartok; Lieder recital, Dallapiccola, Strauss, Reimann, Ravel (Thur).

NETHERLANDS

Amsterdam, Concertgebouw. Residentie Orchestra conducted by Heinz Wallberg with Carlo Chiarappa, violin. Wagenaar, Busoni Strauss (Mon). In the recital hall, Amiram Rigai plays piano works by Franck, Brahms, Debussy, Ben-Haim, Gottschalk and Chopin (Mon). The Concertgebouw Orchestra under Hans Vonk, with André-Michel Schub on piano, plays Stravinsky and Schoenberg (Wed and Thur). In the recital hall (Thur), Wyneke Jordans and Leo Van Doeselaar play piano duets by Dvořák, Stravinsky and Ravel. (71 8345).

Rotterdam, de Doelen. The Rotterdam Philharmonic with Eduardo Mesta and pianist Eliane Rodrigues presents a programme of Orbon, Beethoven and Brahms (Tue, Wed, Thur). (142911).

ZURICH

Tonhalle: Tonhalle Orchestra with Kodaly's Hary Janos (Wed); Philharmonia Hungarica conducted by Uri Segal with Joseph Swensen, violin. Prokofiev and Bartok (Thur).

PARIS

I Solisti Veneti, Claudio Scimone: Mozart, Schoenberg, Vivaldi (Mon). TMP-Châtelet. (233.44.44).

Simon Estes Recital, Julius Tilghman, piano: Mozart, Wolf, Brahms, Barber, Negro spirituals (Mon). Théâtre de l'Athénée. (742.67.27).

Ensemble Orchestral de Paris with Jean-Pierre Wallez as conductor and soloist, François-René Duchable, piano, soloists from the Ensemble Orchestral de Paris: Schumann, Mahler, Mendelssohn (Tue). Salle Pleyel (561.06.07).

Milosz Magin, piano: Chopin, Zarzebski, Paderewski, Szymanowski, Magin (Wed). Salle Gaveau (563.20.30).

LONDON

Maurizio Pollini, piano: Schumann and Chopin. Royal Festival Hall (Mon). (928 3191).

The London Sinfonietta conducted by Diego Masson with Linda Hirst, mezzo-soprano, and Neil Jenkins, tenor. Music of young German composers. Queen Elizabeth Hall (Mon). (928 3191).

London Symphony Orchestra conducted by Paavo Berglund with Boris Belkin, violin. Verdi, Brahms and Sibelius. Barbican Hall (Tue). (638 8891).

London Soloists Chamber Orchestra conducted by David Josefowitz. Vivaldi Festival. Purcell Room (Tue). (928 3191).

Royal College of Music Orchestra conducted by Neville Marriner with Yehudi Menuhin, violin. Mozart, Vivaldi and Beethoven. Royal Festival Hall (Wed).

London Mozart Players conducted by Nicholas Kraemer. Bach and Mozart. Queen Elizabeth Hall (Wed).

ITALY

Rome: Teatro Olimpico: Piazza Gentile da Fabriano: Schubert by the young prize-winning pianist, Alexander Lonquich (Tue 4.30 pm and Wed 8.45 pm (39 33 04).

Rome: Oratorio del Gonfalone: Vicolo della Scimmia 32/A (Via Giulia): Schubert, Debussy and Brahms played by the pianist Ruggero Ruocco (Thur 9 pm). (655 952).

Rome: Auditorium di Via della Conciliazione (Accademia di S. Cecilia): Petrassi's Magnificat, with the soprano Valerie Baiano and Brahms's Symphony No 4 (Mon and Tue). (654 1044).

Milan: Teatro alla Scala (concert season): Georges Prêtre conducting Richard Strauss and Ravel (Wed and Thur). (80 91 26).

TOKYO

Orchestre de Chambre Paris, conducted by Jean-François Paillard: Scarlatti, Bach, Vivaldi. Tokyo Bunka Kaikan (Tue). (571 1689).

Paul Badura Skoda, piano: Japan Philharmonic Orchestra, conducted by Kazuhiro Koizumi: Mozart, Beethoven. Kosei-nenkin Hall (Wed). (234 5911, 237 9990).

New Japan Philharmonic Orchestra conducted by Seiji Ozawa with Martha Argerich, piano. Rachmaninov, Nielsen. Tokyo Bunka Kaikan (Wed, Thur). (571 1689, 353 2242, 239 9990).

NHK Symphony Orchestra, conducted by Ali Rahbari. Tsugio Tokunaga, violin. Shostakovich, Rimsky-Korsakov. NHK Hall (Wed, Thur). (465 1780).

Musica Antiqua Köln in concert of Baroque music. Tokyo Bunka Kaikan Small Hall (Thurs). (470 2727).

Cinema/Nigel Andrews

A prowl around Clint Eastwood

Tightrope, directed by Richard Tuggle
Strikebound, directed by Richard Lowenstein
Private Life, directed by Yuli Raizman
Westerns and Jewish Film Festival, various directors

Eastwood dispenses a paternal hug

"Everybody's looking to get beat up," philosophises a beefy tattooist in the new Clint Eastwood film. And indeed *Tightrope* often seems like an extended newsletter from the Sacher - Masoch Admiration Society, as through the shadows of night-time New Orleans the Devil (in the form of a multiple murderer specialising in prostitutes) walketh about seeking whom he may stab, throttle, mutilate or otherwise immobilise. Only police detective Wes Block, alias C. Eastwood, stands between Louisiana and chaos.

Eastwood is an astonishing phenomenon. If you want a definition of minimalism in the cinema, or even if you do not, here it inescapably stands: the grim brow adorned with a throbbing vein or two, the eyes squeezed against the light of the sun by day and the darkness of sin by night, the voice lean, slow whispery, and relentless as a drip-feed.

In Eastwood films there are two inviolable procedures. (1) Demented patterns of criminal behaviour are set up in order to justify the even more demented methods by which the hero pursues them. (2) The victims, who are mere catalysts in the formula, are set up for the kill with all the ceremony of ducks in a shooting gallery. *Tightrope* opens with the 1984 winner of the "How To Be Mugged Without Really Trying" competition. A curvaceous lady walks home through the deserted streets after a midnight birthday party wearing a stinky dress and high heels and carrying not only a prominent handbag but (yes) an armful of birthday presents. Not surprisingly, a pair of off-blue running shoes pad sinisterly in her waka, and soon her violated body is all over page one.

Richard Tuggle wrote and directed this thriller of a psychopath at large, which can only narrowly have escaped the title *Dirty Wesley* since for much of the movie detective Wes himself haunts the New Orleans red-light district having carnal relations with loose ladies. And thereby, in this apparently "daring" critique of the Eastwood persona, bangs the film's rub.

Whoa *Sudden Impact*, Eastwood's last film, appeared, I said that its unspoken motto was "Psycopath, heel thyself," and in this film the motto comes right and gets spoken. Or does it? Here is the animal in Eastwood, we are encouraged to believe, emerging from tha closet. Except when playing Dad to his two small daughters (Mum has lately walked out on both them and him), he is a man almost as tarnished and sinful, the movie urges, as his quarry.

But the puritanism that equates promiscuous sex with promiscuous murder seems not much less pathological than tha workings of the villain's own mind; and it isn't the hidden Priapus in past Eastwood haroes who we've been complaining about, it's the neolithic law-and-order nutter. The high-voltage imagery of *Tightrope*—Bruce Surtees' photography dispensing *götterdämmerung* darkness, rain-streaming windows and sudden, upending low-angle shots—is in service not only to a contrived and credence-straining melodrama but to a moral lesson that tries to distract us from the truly maniacal lina in *Eastwood heroics* by *spotlighting* a little token fallibility in tha sexual department.

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Dancing pinpoints of light in a vast blackness are the first thing we see in Richard Lowenstein's *Strikebound*, and the teasing cryptic image proves to be minars' lamps bobbing into view down a long tunnel. In 1984 Britain, where the very phrase "coal strike" now sends everyone screaming from the room, you may consider this Australian account of a 1930s strike in a Victoria coalfield either ill-timed or wall-timed, according to your appetite for fresh sidelights on fuel disputes.

But there are no two ways, alas about the movie itself. It is dogged, dull and earnestly partisan as we watch the heroie strike champion (Chris Haywood) and his supportive Salvation Army wife (Carol Burns) fight the good fight for workers' rights and proto-Communism against the Evil Mine Boss and the Wicked Capitalist System. The EMB, to prevant any ambiguity in your response, is presented as e snivelling fatso in wire-rim specs, and the wickedness of the WCS is everywhere plain in the nasty executive types who walk through the movie in expensive bats and coats (hiss!) or (hiss! hiss!). drive smart cars.

This pantomima socialism is both foolish and vitiating. Thare's no life or excitemant in a work of art which plays with loaded dice from the beginning. Nor does Lowenstein instil much vitality into the two main characters and their relationship: despite doughty performances from Haywood, a fresh-faced cbarub with chunky build, end the cosy-spitfire toughness of Miss Burns. Life comes only in tha few moments when real drama and counterpoint replace tha wagging finger of demagogy.

Yuli Raizman's *Private Life* from Russia has moments of *wonderfully loopy dialogue*, at least as purveyed in tha English subtitles. "140 over 70," says tha doctor taking the elderly hero Sergei's blood pressure, "You're fit to fly into space." At another time Sergei, who's just lost his job as a factory manager and now contemplated the dread attrition of retirement, is walcomed home by his son'a girlfriend with. "Would you like some cold meatballs?"

This film is soap-opera apocalypse at 24 frames per second. Nary e scene goes by but the irresistible force of the movie's epochal and existantisl intentions meets the immovable object of its domestic banalities. In the recent and not dissimilar Soviet film *Vassa*, Gleb Panfilov made a drawing-room tragedy that hummed with subtle life and passion: here was a Russian film subverting Russie by rhyming it with an Ibsenita household grandly gnawed by guilt and racked by impending ruin. But *Private Life* has no big resonances and no affeeting minuteness of detail aither.

The perfunctorily drawn supporting eharacters—the perky layebout son end his swinging young girlfriend, the cereerist wife who is stern early only to melt later—whirl impactlessly around a centre, Mikhail Ulyanov's Sergei, so still as to be almost moribund. "Don't go around with sueh a long face," someone tells him, "It's a living reproach." And we happily agree, until he decides to wear an occasional rueful smile for the film's second half whose unconvincingness aeems even more of a gallow'a acknowledgement thet this a film with nowhere very purposeful to go which goes there very slowly.

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Nadia is a celebration of Romanian gymnast Nadia Comaneci. The wondrous gravity-defier, who not only scored Olympic history'a first perfect 10s hut was also a pretty face and a winning presence, is here played with a short neck, a switch-on smile and a zero-rating for charm by Johann Carlo. Avoid.

Far better to enjoy the giddy contrasts of the Nationel Film Theatre, where a season of Westerns and a season of Jewish films are in concurrent swing. Relish, in the first, three compare-and-contrast Jesse James films, by Henry King, Sam Fuller and Nicholas Ray, and four ditto Billy the Kids (Penn, Peckinpah, Vidor and Joseph Kana). The second season includes several intriguing recent featura films and the notorious but essential *Jew Suss*, that fervid anti-semetic tract that was mada in Germany in 1940 and gave movie propaganda its worst ever nama. If only on a know-the-enemy basis, every filmgoer should see it.

Norma/Grand Théâtre, Geneva

Andrew Clark

Sopranos wishing to add the title role of Bellini's *Norma* to their repertoire do so at their own risk: it makes uncommon demands on a singer's technique and vocal stamina. Elizabeth Connell, who has just made her début in the role at Geneva, has proved in the past—notably as Ortrud in her mezzo days, and more recently as Elettra and Corinne in Cherubini's *Anacréon*—that she has copious reserves of both qualities. But her Norma was disappointing.

Thara is no doubt that sha has the measure of the Druid priestess's eharacter, for her stage bearing in this excruciatingly boring production by Pier Luigi Pizzi was as commanding as ever, and her range of expression as mother, daughter and lover was always illuminating. But the role'a demands lia in the voice; and on this evidence, in spita of har inspired use of *sotto voce*, her intelligent phresing and a rapt *pianissimo* handling of "Casta Diva," she is not yet at eaae with the role'a tessitura or able to draw on a sufficient breadth of tone and colour to maintain the listener's interest.

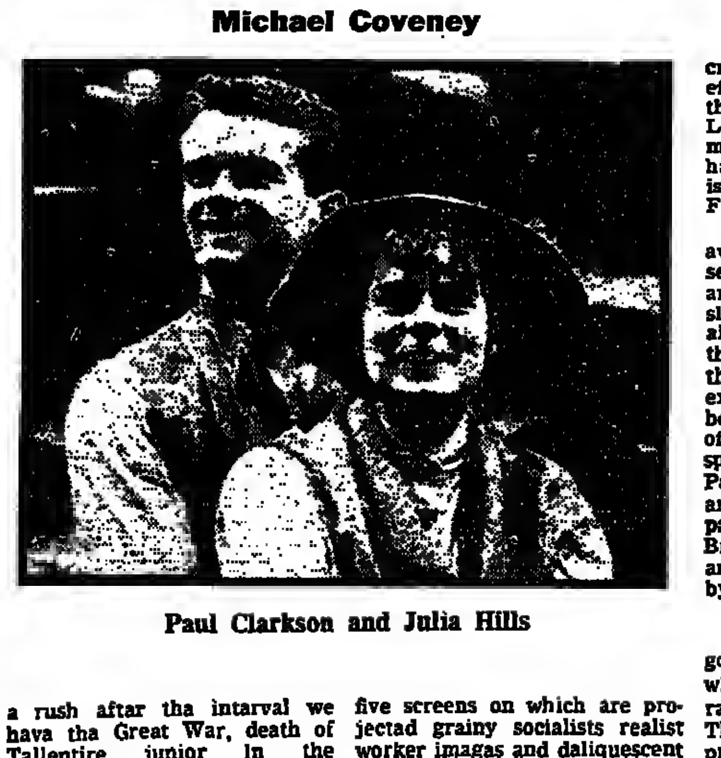
The music seemed to bring out a pinched quality in the voice, a surfait of head-tone and a monotonous lack of colour. Although the *fioriture* runs were axecuted with accuracy, she was unahle to hide a rawness at the top. I gather Lady Macbeth is to dominate the rest of her work this saeson; she soundad more of a Gilda here.

There was nothing second-best, bowever, about Mias Connell's duets with Alexandrina Miltschewe, who is just about the hest Adalgisa around today. "O! Rimembranza!" and "Mira o Norma" saw the two voices keenly matched and balanced, and provided the only dose of artistic excellence in an otherwise dull evening's opera. Miss Miltschewa's sumptuously coloured voice maintained e fullness of tone even on notes which at this stage in her career she must find hard to reaeh: a lovely performance.

The Pollione was Giorgio Merighi, an Italian tenor who was heard briefly at Covent Garden in the early 1970s; he coped admirably with tha heroic Act I cavatina, but elsewhere lacked subtlety. Gianandrea Gavazzeni, now a spry 75-year-old, brought soma fire to the score and an intimate knowledge of how to place a elimax, nnusually effective in Bellini's large choral set pieces: a pity, tharefore, that the Orchestre de la Suisse Romande sounded so disinterested. Perhaps they had been influenced by the stage proceedings, which were characterised by noisy scene changes (machine-whirring at the start of "Casta Diva" for example) and a banal series of funeral parlour sets. It is time Pizzi was taken off Romantic Italian opera and given a chance to emulate his successes with *Khovanshchina* and *Ariodante*.

The Hired Man/Astoria

Michael Coveney



Paul Clarkson and Julia Hills

Arriving in London from Southampton vie the Leicester Haymarket, this new musical adapted from Melvyn Bragg's novel of the same name strikes me in much the same way as it did at the Hampshire premiere: a marvellous succession of ehorales, operatic duets and vigorous foot-stomping rhythms—an altogether thoroughly vital score by Howard Goodall—interspersed with dialogue and rustic historical tableaux that would not disgrace *Emmerdale Farm* in an average week.

The Hired Man is, all the same, an *engagingly different* kind of musical, the sort of thing perhaps Andrew Lloyd Webbar (who presents the show) was thinking of whan be hoped to establish a British musical academy at the Old Vic. Lyrics and libretto, as Mr Lloyd Webber knows only too well, are tha great problem with contemporary musicals. No one is very good at either. Certainly not Mr Bragg and Mr Goodall, who come seriously unstuek tha minute tha music atops. Sammy Cahn's book of rhymes might eome in useful as a stocking filler at Christmas.

The action focuses on tha marriage of John and Emily Tallantire, honest Cumbrian folk at the beginning of this century in a world of hired farm labour ebout to be swamped by the mining industry (the show opened in Southampton in February, before the strika). In a rush aftar tha intarval we hava tha Great War, death of Tallentire junior in the trenchas, a pit disaster baek home and more death in tha family. The show ends with a renewal of community bonds and John hiring himself out once more as a labourer.

David Gilmore's production has tightened up considerably, and tha Leicestar designs of Martin Johns now incorporate five screens on which are projectad grainy socialists realist worker imagas and daliquescent travel brochure snaps of the wild falls and rainy autumnal skias.

One of tha best songs is about the need for union solidarity; all the choral writing la tremendous. And it is vary well aung.

The Astoria proves an ideal venue, intimata but not too cramped, with a horse ahoe effect in the stalls not unlike that at both Southempton and Leieester. The technical and musical side of things could hardly be bettered. Kate Young is again at the piano, Pauline Fisher on the trumpet.

The lyrics, however, are awful, and the operatic representation of Tallentire, Emily and the neigbbourly lover is slightly embarrassing. At least all concerned have played down the cloth cap and whippets, but this year's events have made all exclamations about the Pits being the Future sound alightly off-colour. The Tallentires are splendidly sung and acted by Paul Clarkson and Julia Hills, and a resoluta, talanted company features good work from Billy Hartman, Richard Walsb and Sarah Woollett. Good sound by Rick Clark.

*

The sound system is always good at a Lloyd Webber show, which reminds me that it rarely is at the National Theatre. The amall print in my programma for Rough Crossing, reviewed bere yesterday, informs me that Michaal Kitchen's voice in tha play's finala is in fact that of Placido Domingo. It still sounds rotten. It certainly does not sound anything lika Mr Kitchen'a and thus defeats what I take to be tha comic point of the scene, indeed the comic climax of tha play.

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UN vote on the Falklands

THE VOTE in the UN General Assembly on the issue of the Falkland Islands did not suggest inexorably mounting pressure on Britain to negotiate with Argentina. The majority in favour of negotiations remains, and by the tone of their speeches to the assembly many of the delegates supporting the resolution made it quite clear what such negotiations should lead to. But an important minority of *nations abstained* and there is no sign of this rather negative form of support for Britain's position leaking away.

The argument about this tiny British dependency may be wearing thin the patience of the UK's European partners, but it seems probable that the keystone of Britain's argument is one they find very difficult to oppose or to ignore. At least half Wednesday's speech by Sir John Thomson, the British Ambassador, was devoted to ramming home the point that the inhabitants of the Falkland Islands have as much right to self-determination as any other people.

The implication is that this right, enshrined in article 1 of the UN charter, can be invoked to hold the line as long as Britain wants, and that Argentina, which has insisted that it will never again use force to regain the islands, will find it an uphill struggle to mobilise sufficient international opinion to change Britain's mind from without.

Practicality

But what about the mind change from within? How long will the British parliament consider it practical or sensible to sustain and defend such a distant colony?

In the case of Hong Kong considerations of practicality outweighed the principle of self-determination. It would plainly have been impossible for Britain to have sustained and defended any future status for Hong Kong which the local people wanted but China did not. So the British Government quite rightly negotiated the best deal with China that it could get and then asked the people of Hong Kong to express their preference between that deal or nothing. Self-determination was provided for only in a cosmetic manner.

Hong Kong's predicament may be an extreme example but it illustrates a point that is sometimes neglected. The wishes of the Falkland Islanders are not paramount: they are subservient to the wishes of the British parliament and ultimately to the readiness of the British people to sustain them in a strange and highly unsatisfactory situation. It is neither realistic nor honest for the British Government to hide behind the notion of absolute self-determination which can only be applicable to a territory that is potentially independent.

Sovereignty

For the moment that readiness in Britain undoubtedly remains. It has been greatly reinforced and prolonged by the memory of those who died regaining the islands after the Argentine invasion. As the British ambassador told the General Assembly: "President Alfonsin's government does not appear to have recognised that the events of 1982 have had a profound effect on Britain as well as in the Falkland Islands."

It must be sobering for the Argentine government to reflect how much further down the road towards a negotiated transfer of sovereignty they would be if the military junta had accepted the peace plan proposed by the UN Secretary General. In order to meet its side of that bargain the British Government would have had to withdraw the islanders' right to self-determination.

The political taboo may be powerful, but a responsible British Government should weigh the costs and the benefits of continuing with its current approach to this problem. It should bring its conclusions to Parliament's attention more forcibly than in the years before the Argentine invasion.

Equally, the government of Argentina ought to devote as much attention to courting British public opinion as to attempting to whip up international pressure from a weak moral position. A constructive immediate gesture would be for Buenos Aires to lift the sterile state of hostility that exists between Britain and Argentina and to abandon its insistence that all talks with Britain must feature the sovereignty of the islands.

Isolating Mr Scargill

THERE SEEMS no reason to disagree with Acas, the body which periodically over the last few weeks has been trying to devise a settlement to the miners' dispute: there is no immediate point in further negotiations.

We might add what Acas diplomatically could not say: namely that had Mr Arthur Scargill, the president of the National Union of Mineworkers, wanted a negotiated settlement, he could have had it long ago. Indeed quite the cleverest course that he might have taken would have been to say: "Let's go back to work and say we've won." He had won a great deal, but he has chosen not to take it up.

Equally, the National Coal Board could hardly have offered much more without ceding the NUM something tantamount to a total veto over pit closures. No industry could be run like that for long, regardless of economics.

So there is now a pause for reflection by all the parties involved in the dispute: not just the striking miners and the Coal Board and the Government, but also the TUC and perhaps the general public.

Consequences

The first point is entirely political. Mr Scargill's action is doing immense damage to the civilised Left in this country. It hurts the Labour Party which in other circumstances might have been beginning to recover under the leadership of Mr Neil Kinnock and a shadow cabinet that is far from wild. It has divided the trades union movement. The TUC may yet be able to do something to bring the parties back to the negotiating table—we hope it will—but the signs are not too promising. Union leaders ought to be asking themselves urgently whether this is the situation they can tolerate: miner against miner and union against union with the TUC impotent to intervene.

The national economic consequences of the dispute are far less serious, even though it took Mr Nigel Lawson, the Chancellor of the Exchequer, until this week to admit that another £1.5bn could be added to the public sector borrowing requirement if the strike goes on until Christmas. They are consequences which will have to be borne, as the Chancellor has always said and they are infinitely preferable to paying danegeld to Mr Scargill.

For the Government and for the Coal Board the broad course should be clear enough. It is to keep the offer to the miners on the table while being ready for resumption of negotiations at any time after the pause for thought.

Neither the Government nor the Coal Board, however, should behave as if nothing is happening. The pattern of British energy consumption has already begun to change since the coal strike began. More coal is being imported and there is a greater reliance on oil at the power stations. There should be no let-up in encouraging these trends. There could be more licensing of open cast systems, more imports and even the commissioning of new nuclear power plants. For the point that must be demonstrated to those who support Mr Scargill is that far from preserving his members' jobs, he is destroying them. The British economy will actually perform rather better without uneconomic pits.

Confidence

There remain two areas where the handling of the dispute by both the Government and the Coal Board should be improved. One is to hasten the establishment of the NCB agency designed to seek jobs and retraining possibilities for redundant miners as has been done in the steel industry. The formation of the agency has been announced, but far too little has come of it.

The other area concerns the way the Coal Board conducts its own affairs. When the Prime Minister cannot bring herself to state her full confidence in Mr Ian MacGregor, the NCB chairman, as happened in Parliament this week, there is something seriously wrong. The Board has an excellent case which was made even better by the revelations of Mr Scargill's Libyan connections in the past few days. Yet it seems to spend an inordinate amount of time in internal quarrels.

There is no reason to believe there have been any divisions between the Government and the Board over strategy, but Mr MacGregor must be told either to put his own house in order or to make way for someone else. The situation is too serious for pantomime.

BRITISH EMPLOYMENT LEGISLATION

The closed shop under fire

By Philip Bassett, Labour Correspondent

Last year's Stockport Messenger dispute aroused fresh public antagonism to the closed shop

AMID THE sound and fury of the miners' strike, one particular initiative by the National Coal Board has slipped by virtually unnoticed: the effective ending by the NCB's management of the industry's long-standing de facto closed shop agreement with the National Union of Miners.

But under legal provisions which came into force yesterday such open repudiation of closed shops may become unnecessary. Instead, employers will be able—and, if they wish to avoid the possibility of expensive compensation claims, may have to—ballot—their workers on the continued existence of the closed shop.

Whether they will take the opportunity proferred by the Government is open to question. In part, that is because the closed shop, or union membership agreement (UMA) as it is more formally known, is a declining force in British industrial relations.

In 1978, according to a new and definitive study* of the closed shop by Professor John Gennard, at least 5.2m people—a quarter of the working population, and almost half of all trade unionists—were covered by UMAs. But by 1982, mainly because of unemployment, that figure had fallen to only 4.5m and seems certain to be lower by now.

Closed shops are dominant in the older and often declining industries: transport and distribution, construction, printing, mechanical engineering, food and drink. In newer and expanding industries like electronics, the scarcity of the closed shop matches much lower levels of unionisation. A new survey published yesterday of industrial relations in electronic companies shows that only 18 per cent of them operate a closed shop.

Companies may have to hold ballots of their employees

Prof Gennard's study suggests that trade union members are less likely now to fight for a closed shop. Polls bear this out: a study earlier this year by the industrial communications organisation EPIC showed that trade unionists thought that the likelihood of conflict over the closed shop was only "moderate"—3.5 on a 1-5 scale. A forthcoming EPIC survey will show that figure to have declined still further, to 3.39.

Even militant trade union leaders are less concerned. "It's important but it's not the end of the world," says Mr Joe Marino, general secretary of the Bakers' Union. His union was one of the first to lose members as a result of a closed shop ballot at Don Miller, a Coventry baking company.

The Government's attack on the closed shop has been forceful. "That people should be required to join a union as a condition of getting or holding a job runs contrary to the general tradition of personal liberty in this country," said a *green paper in 1981*. "Individual employees should have the right to decide for themselves whether or not to join a trade union."

Trade union leaders reply with classic defences of the closed shop: it is one means of ensuring the continuity of collective strength, and that what is liberty for one is a "free ride" to another.

"The closed shop is the essential basis of our industrial strength," says Mr Tony Dubbins, general secretary-elect of the National Graphical Association print union, whose closed shop dispute last year with the Stockport Messenger newspaper group aroused fresh public antagonism to the closed shop. "To us, a closed shop is as natural as getting up in the morning and having breakfast."

Not all union leaders agree. Mr Bryan Stanley, general secretary of the Post Office Engineering Union, says: "We have consciously taken frequent decisions that we do not want a closed shop. We prefer what we have: a high level of membership on a voluntary basis, wanting to belong to the union, rather than compelling people to belong."

Public opinion seems to side with Mr Stanley. One analysis of opinion polls on the issue, running from 1959 to 1979—which includes the peak years of the closed shop in Britain—shows that as it spread, so its popularity declined.

A recent national newspaper poll showed that 86 per cent of people polled thought they should have a right not to join a union, with only 13 per cent agreeing to membership if the majority wished it. Among Conservative and Liberal/SDP voters, opposition was even higher, while even among trade unionists 81 per cent wanted the right not to join.

But despite the urgings of such hard-line groups as the Institute of Directors, there has been no rush so far by managements to take advantage of the Government's law on closed shop ballots. And industrial relations specialists do not forecast great pressure coming from the workforce for change.

Why not? Part of the reason may be opposition to legalistic *interference from the Government*. "I believe that in general, any external intervention in the relationship between employer and employee is unlikely to improve things," says *Mr Roland Long, company communications manager at International Harvester GB.*

Additionally, many employers still see advantages in the closed shop.

A survey of engineering employers carried out for Prof Gennard's study found that 53 per cent of managers believed their companies derived benefit from closed shops—principally, in establishing one negotiating body, one set of procedures, one channel of communication.

Disadvantages were also apparent: 16 per cent of managers saw the closed shop as a restriction on recruitment, 13 per cent as increasing union strength, and 10 per cent as fostering personal inflexibility among employees. But 42 per cent saw no disadvantages.

This balance of benefit and disadvantage—in addition to the widespread, mutual and simple desire for a quiet life—may lie behind the indications that most companies and trade unions are likely to favour compromise, or at least keep up the status quo.

Proclaiming that "the days of enforced 100 per cent union membership have gone for good," the Institute of Directors is urging companies to ballot—if only to protect themselves *from compensation claims*. The right-wing Freedom Association is trying to spur things along by helping bring test cases in key areas such as BR, British Gas, and electricity supply.

TUC leaders are completely against yesterday's new provisions. "We don't want our people to go down the Government's road of ballotitis," said Mr Rodney Bickerstaffe, general secretary of the public employees' union Nupe, in a television interview.

At local level, things look a bit more pragmatic. In a rough count at a seminar on the closed shop at last week's Institute of Personnel Management conference in Harrogate, about one-third of managers had taken some form of action, including ballots; roughly the same had made no decision; and the rest had definitely decided to take no action at all.

According to soundings taken by the Engineering Employers' Federation in London and the South-East, managements are pressing for ballots if they think they are harbouring "bounty hunters"—those who will bring a case just to get the substantial compensation sums on offer from the Government.

Of the many hundreds of engineering companies in the area, only about 15-20 have as yet held closed shop ballots—though the EEF detects some quickening of pace now—and of these, only four have failed to support the closed shop.

In most cases, despite formal TUC opposition, shop stewards and even union district officials are co-operating in the ballots—where they think they can win.

At the Stoke-on-Trent company of Steetley Brick, stewards defied the advice of the full-time officers of the transport workers' union, and campaigned for a "yes" vote on the closed shop. The result was that 93 per cent voted for it. But at Don Miller, with no campaign, the vote in favour was only 52 per cent—well short of the 85 per cent now required. Mr Marino of the bakers' union admits that he was surprised the ballot even took place.

Practical management and union attitudes towards the ballots may depend on the number and outcome of cases brought before industrial tribunals. Many companies are heartened by the judgment in a recent case (Shackloth v Home Delivery Services) that considers grounds for leaving a union included a belief that the union has failed to look after a member's interests properly.

Sir John Wood, professor of law at Sheffield University, says that such judgments are not the job of industrial tribunals, and that the ballot remedy proposed by the Government on the closed shop is essentially destabilising to industrial relations.

Government's remedy 'destabilising to industrial relations'

But employers and unions now have the choice—and that, according to Mr Cory Roberts, employee relations administration manager at Standard Telephones and Cables, is the main force of the new legislation: focusing on the practical issues which make up employers' priorities.

But in the closed shop, the practical cannot be divorced from the ideological. "100 per cent union membership will no more crumble this decade than it did in the early 1970s," says Mr Roy Grantham, general secretary of the white-collar union Apex.

However, Mr Tom King, Employment Secretary, says that yesterday "will virtually mark the legal extinction of the closed shop in this country." Workplace experience will show the practical value of the Government's ideological initiative.

* *The Closed Shop in British Industry, by Stephen Dunn and John Gennard, Macmillan, 1984, price £20/£7.95.*

NEW COMPENSATION PAYMENTS

Rates payable under the new law for unfair dismissal over closed shop

	Minimum £	Maximum £
Basic award (½—1½ weeks' pay for each year worked)	2,000	4,350
Compensatory award (based on loss of earnings, pension etc)	—	7,500
And where reinstatement is sought, but not given:		
Special award (104 weeks' pay)	10,000	20,000
TOTAL	12,000	31,850

HOW OTHER COUNTRIES COMPARE

	Attitudes to the closed shop
Australia	Allowed—conscience clause
West Germany	Illegal
France	Illegal—except in powerful sectors with de facto closed shops
Sweden	Allowed—but employers forbidden by their associations to make such deals. Only about 5 per cent of workers are in a closed shop.
U.S.	Post-entry shops allowed—but employees covered by such agreements cannot be dismissed except for not paying union dues. States can override Federal law—so closed shop is illegal in about 20 states, mainly in the South.

HOW THE NEW LAW WILL OPERATE

THE CLOSED shop is not unlawful in Britain. But under Section 3 of the Employment Act 1982, which came into force yesterday, anyone sacked for refusing to become a member of a union which has a closed shop agreement with the employer will have an automatic claim to unfair dismissal unless a secret ballot in the previous five years has demonstrated there is overwhelming support for the continuation of the closed shop.

● New closed shops need the approval in a ballot of 80 per cent or more of those affected.

● Existing closed shops need the approval of between 80 per cent of those affected, or 85 per cent of those voting in a new ballot. The precise level of support required depends on when the closed shop came into existence and whether it has been approved by the workforce in an earlier secret ballot.

Employers do not have to hold ballots, but if they fail and 85 per cent of those membership of a union will automatically be unfair, and the sacked employee can seek recourse to an industrial tribunal.

This may order the employer to make reinstatement, or it may award specified and substantial compensation payments.

An employer may claim in his defence that he was acting under pressure from the union. This would enable him to "join" (or involve) the union in the legal action. The result might be to force the union to pay part of any compensation.

Finally, even where a closed shop has been approved in a ballot, some employees will still be able to complain to an industrial tribunal if they are dismissed for non-membership of a union. They would be:

—Employees who object to union membership on grounds of conscience or deeply-held personal conviction;

—Those in employment when a closed shop took effect and who have remained outside the union;

—Employees who object to union membership because they have a written code of professional conduct; and

—Workers unreasonably expelled from their unions.

Men and Matters

Rolls-Royce's Robins

LIKE all Rolls-Royce veterans, Ralph Robins doesn't hesitate for a moment before deciding the worst day in his career. "February 4 1971," he says, the day R-R, the jewel of the British engineering industry, went into receivership.

Robins, 52, who has just become managing director and clear number two man at R-R under Sir William Duncan, recalls his movements that day with perfect clarity. He was in a meeting at Derby on the RB-211 engine project, which caused the group's downfall, with officials of Lockheed, the aeroplane maker that was to use it.

"We had most of our senior people there. The project director came in at 11.00 and made the announcement. Everybody was quiet for a moment, and then a Lockheed man said, 'Now that's out of the way, let's carry on.' We went on for an hour and a half before we realised that we had nothing left to talk about."

He has been in the thick of most of R-R's new projects ever since, including the joint ventures to develop new civil engines with Pratt and Whitney, General Electric and others. He was also instrumental in setting up the $1bn oil for aeroplanes swap with Saudi Arabia earlier this year. "Just another deal," he says calmly. "We've been bartering in this business for a long time." In his new job, he has responsibility for all the company's business operations except those in the U.S.

Robins is a bit unusual in the top echelons of RR. He is an engineer, but he has spent most of his career selling rather than designing and building engines, with stints in the U.S. and on the marine and industrial side before becoming commercial director in 1978 and director-civil engines last year. And there is no doubt about his priority. "Above all, we are going to make money as soon as we can."

He promises that 1984 results will show "a very significant improvement" over last year's loss of £118m. Civil engine orders are up about 60 per cent on a year ago, and "projecting into the future, things look good," he says.

One tricky problem on the horizon is privatisation, which the Government wants to see before the end of this Parliament. Robins admits that doesn't leave much time for the company to build a track record. "We are concentrating on profit, not ownership," he says.

Business-like

Red faces all round at the British Enterprise Award lunch in London yesterday—the man who was to make the presentation was strike-bound in Coventry.

John Egan, chairman of Jaguar, obviously felt it more politic to stay in the front line rather than retreat to the Savoy for mousse mimosa and entrecote de bœuf marchand. His sales and marketing director, Neil Johnson, turned up instead.

Fortunately, it was a former chairman of the National Coal Board Lord Ezra, who had been chosen to introduce the proceedings. And this year's winners, Applied Computer Techniques (ACT), the makers of the hot-selling Apricot microcomputer, has no industrial relations problems. According to Derek Foster, ACT's founder and managing director, its manufacturing plant is not unionised.

No questions

Even as Mrs Thatcher was making her plans hurriedly to fly to India for the funeral of prime minister Indira Gandhi she was trying to hold on to an important date in her diary with British businessmen.

"We, the members of Acas, demand the same holiday arrangements that the NCB have given Mr Kirk . . ."

The first programme, drawn up in New Delhi, was for the funeral to take place on Friday. Thatcher, against the advice of her secretariat, resolved to fly straight back to Britain to fulfil a long-standing engagement on Sunday night at Eastbourne on the eve of the Confederation of British Industry annual conference.

She was looking forward to playing the leading role in a Prime Minister's Question Time to run for nearly two hours hosted by the disc jockey Pete Murray—a personal friend of the prime minister.

It was to be a rare eye-ball-to-eye-ball confrontation with the cream of British business. The style of the evening, she had decided, was to be frank exchanges of views.

But now that the Ghandhi funeral is to take place on Saturday and Mrs Thatcher has to meet India's new Prime Minister, Rajiv Gandhi, and world statesmen afterwards, she will not be able to return in time for the Eastbourne session.

CBI delegates will have to make do with a pre-conference reception and a high-tech exhibition eased along with sprited music from some bankers playing together as the NatWest Jazz Band.

Scunthorpe fun

"Send 'em to Scunthorpe," we suggested when *Bob Haslam*, chairman of British Steel, wondered how to entertain world steel leaders who gather in London next year as his guests when the British industry hosts the International Iron and Steel Institute.

"That sounds like music hall images I thought we had left behind years ago," riposted Scunthorpe's man in charge of industrial development, Richard Robinson.

Nevertheless, Scunthorpe is going to give away £1,000 in a fun *Business Development* Game to promote the virtues of the steel town.

With engaging honesty Ian Hutchison, town surveyor and planning officer, explains that it is not so much the playing of the game, "the questions are as straightforward as ABC," as the undoubted fact that somebody must win £1,000—and that will help Scunthorpe's efforts to bring the town's name before "as many as possible in the business community."

The Scunthorpe Game will be played at the electronics exhibition in Brighton in November, and other trade shows.

In case I am even tempted to poke fun at the Scunthorpe Game, Robinson reminds me that the FT has lately pronounced, "Prize-winning promotional games have emerged as the hottest marketing weapon of 1984. . . ."

Observer

POLITICS TODAY

A cry from Tory hearts

By Malcolm Rutherford

THE CENTRAL point about the debate on unemployment in the House of Commons on Tuesday was not so much that the Government did badly as that backbenchers, and perhaps in particular Conservative backbenchers, did well.

Mr Neil Kinnock, the leader of the Labour Party, did well too. It was probably his best Commons performance so far and Mr Nigel Lawson, the Chancellor of the Exchequer, made a great mistake in not congratulating him on it. There are such things as courtesies, which ought to be observed.

Mr James Callaghan, when he was Prime Minister, once congratulated Mrs Thatcher for making a devastating parliamentary attack on him during the winter of discontent in 1979. And Mrs Thatcher herself once had the grace to congratulate Mr Michael Foot when he made an unusually effective speech as leader of the opposition. Mr Lawson was negligent.

The job famine compared with that in Ethiopia

Still, it was the backbenchers who counted. One after one, they came out identifying unemployment as the principal issue facing the country. Mr Michael Latham, the Tory Member for Rutland and Melton, concluded his brief speech as follows:

"The opinion polls and the results of two general elections show that there is a great deal of public support for the Government, but Conservative Members know that their constituents, *including their key party supporters*, want to see the full weight of the Government placed behind a forceful and urgent programme to reduce unemployment." (My italics.)

There were many other examples in the same vein. Mr Piers Merchant, the Tory Member for Newcastle-upon-Tyne Central, said that in one polling district in his constituency unemployment reached 50 per cent.

Mr Richard Holt, the Tory Member for Langbaurgh in Cleveland, compared the job famine in his constituency to the real famine in Ethiopia which has aroused such a wave of national sympathy. Like Ethiopia, he said, "It would make a good television programme. I hope that it will not be necessary for that programme to be made before sufficient action is taken to enable the unemployment to be reduced."

Even Mr Ralph Howell, the Tory Member for Norfolk North and a man normally associated with the free market Right, said: "I believe that unemployment is the most serious problem facing this country and indeed the Western world. If we do not find a solution, I believe that democracy will be in great danger."

None of those quotations are meant to belittle the contributions made by Labour or Alliance Members. Many of them were on the same track. What *is new*, however, is that the cry from the heart should be coming from Conservative Members as well.

It is no longer a quarrel between wets and dries. That debate in the Tory Party is largely over in so far as the wet/dry division was ever a wholly accurate description. It is much more part of a national demand that something must be done. The question is what.

One does not want to belittle Mr Lawson either, apart from his not having a good word to say for Mr Kinnock. Too much should not be made of the fact that he was heard in virtual silence by *his own side*. The same thing used to happen to Mr Denis Healey when he was Chancellor—often when he was making his most decisive policy statements. Mr Healey and Mr Callaghan did, after all, preside over a period of relative economic tranquillity before that infamous winter.

The House of Commons, when it gets the bit between its teeth, does not always take the long view. And there is a great deal in what Mr Lawson says to which the House does not always listen or which perhaps it fails to understand.

The Chancellor is not talking nonsense when he insists on the paramount importance of curtailing inflation. He is right, too, when he stresses the prospects for continued economic growth. Take the latest quarterly survey of the Confederation of British Industry as evidence. CBI members will have a chance to say what they think directly at their annual conference in Eastbourne next week, but it cannot be said that the findings of the survey are entirely discouraging.

Mr Neil Kinnock (left) and Mr Nigel Lawson

A national demand that something must be done about unemployment

For instance, a balance of plus 15 per cent of respondents reported that they expected a rise in new orders over the next few months. The survey comments that this indicates a recovery in the rate of expansion. "This is particularly marked," it goes on, "for the smallest and the largest firms and for the capital goods sector. Only 10 individual industries expect falls in orders, compared with 14 in July."

Investment intentions, the survey found, remained relatively strong, especially for plant and machinery. As for exports, optimism about the prospects for the next 12 months continued to improve.

All that, it should be added, was recorded at a time of considerable uncertainty about exchange rates and against the background of the miners' strike and possible other industrial unrest. It was only—though it is a very big only—the employment trend that was adverse: companies were producing more with fewer people.

So the main task for the Chancellor—and indeed the one on whose performance this Government will ultimately be judged—is whether it can put that into reverse. The change does not have to be dramatic. As Dr David Owen, the leader of the Social Democratic Party, said in Tuesday's debate: "If unemployment were to fall by, say, 10,000 a month for a few months, what an incredible boost that would give to the morale of the British people." But at the moment there is no sign of even that happening.

Here are some points that the Government might bear in mind.

● It is time for a new and comprehensive study of the black economy. It is possible, as the evidence of one's eyes and ears suggests, that the situation might not be quite as bleak as the official figures indicate. I received a letter the other day from a bank manager in one of the biggest unemployment blackspots in the country. He pointed out that if the figures were correct, the place would be totally devastated. But it was not: many of the registered unemployed were also working "on the side," and a bank manager ought to be as good a judge of a local economy as anyone.

Some people might jump to the conclusion that such workers ought to be exposed and deprived of their benefits. It is possible, however, to reach another: namely that there is a demand for the work that is being done and that the demand is being met. The task should be to encourage it. At the very least, we need to know much more about it.

● Such an exercise might be supervised by Lord Young of Graffham, the new member of the Cabinet responsible for the encouragement of job creation. His present tasks do not sound exactly overwhelming. They are: looking at small firms, competition policy, controls and regulations in industry and commerce, and the position of 14-18 year olds as regards vocational education and training. A study of the black economy could perfectly well be added.

● More Ministers might follow the example of Mr Peter Walker, the Energy Secretary, and emphasise how much the Government is already spending in the public sector. When Mr Kinnock spoke about the electrification of the railways on Tuesday, one could not help recalling that some of it is going ahead.

As for Mr Kinnock's plan for investment in the sewers, the real question is whether they are in need of repair. If they are, the money must be spent. The Government should tell us. The same goes for the roads in the North-East which were a prominent feature of Tuesday's debate. It would be a desperately irresponsible Government which let the infrastructure fall to pieces.

One of the troubles, as Mr Walker has frequently pointed out, is that the Government is so bent on boasting that it is controlling expenditure that it declines to take credit for what it does spend.

A gesture of solidarity with Europe

● A final point is not directly related to employment. The time has come for Britain to join the European Monetary System.

With the American elections out of the way next week and the possibility of a return to more stable conditions in the oil markets, there could be no better opportunity. It would be a gesture of solidarity with Europe and it could provide some protection against further fluctuations of the dollar. It is not a Left or Right issue: advocacy could as well come from Mr Roy Hattersley, the Shadow Chancellor, as from Mr Lawson, and it will be interesting to hear the views of CBI members next week.

The sum of all the above is that despite its ratings in the opinion polls the Government (and the Chancellor) are in danger of being seen as too passive about the country's manifest problems.

Lombard

How markets run the regulators

By Anthony Harris

AFTER deregulation, re-regulation. Although there have been few public announcements the signs are unmistakable in London, the Bank of England has stopped the up-to-date version of that old bankers' ramp — creating capital by swopping cheques (or, in these modern times, certificates of deposit). In the U.S., the flow of bank loans to finance corporate mergers or leveraged buy-outs simply dried up about three months ago. In the home loans market, the Federal authorities are restricting the terms on which variable-rate mortgages can be offered. On both sides of the Atlantic the prudential regime is getting tighter, a development which has much the same effect as would be achieved by imposing direct credit controls.

This looks very like an attempt to interfere with the free play of market forces, but in fact it is the result of market forces. Financial markets cannot live for very long with excessive freedom. They develop a form of vertigo — heightened uncertainty and widespread credulousness, in which rumours flourish. The markets themselves then impose a discipline, by way of penalty rates and shortened credit lines, which have very much the same effect as the imposition of new regulations. The authorities, when they finally decide to move, are really formalising what the markets have already done for themselves.

In this particular cycle of freedom and caution, the markets were beginning to turn cautious while the authorities were still driving for greater market freedom — just as they had earlier escaped from the regulations which the authorities were still trying to impose.

The banks achieved their greatest freedom during the headlong expansion of the euromarkets in the 1970s. This was a period of carefree illusion — the illusion of guaranteed liquidity through the interbank market, the illusion of absolute safety in sovereign lending, and the illusion that there was no downside risk in energy or construction lending.

Most of these illusions had evaporated three years ago. The supposed safety of sovereign lending was about the last to go. Since then, there has been a steady retreat. First, business left the more fanciful tax havens for the safety of banking centres with some clear access to a lender of last resort. Subsequently, banks have been getting more and more cautious about their interbank exposures. We have not yet come back full circle to the late 1960s, when the Bank of England determinedly opposed the development of any interbank market in London, but in the present atmosphere there is really no need for the authorities to formalise the caution which already exists.

The most suggestive example of market-imposed discipline has appeared in Chicago. When some of the loans made by Continental Illinois turned sour, it suffered a run, because it had based its expansion on interbank deposits. When First Chicago had to admit to some bad lending experiences, the shock was confined to its stock market valuation, since its business had a stable base of retail deposits covered by federal deposit insurance.

Market caution is driving us back to a world in which a bank can best grow by offering an attractive service to depositors, and lending to borrowers which it can assess for itself. The U.S. authorities may still decide to go ahead and loosen the restrictions on interstate banking which Continental Illinois was trying to break through. But the present climate of opinion is all against such moves. Meanwhile, the small local banks which help to make the U.S. economy so resilient are indecently cheerful, and the money-centre banks are worried.

Worries will fade in due course, and the banks will begin to feel more adventurous. But we will know that we are in for another bout of serious deregulation not when the politicians and central bankers start preaching the virtues of an unrestricted market, but when the banks start inventing ways round the regulations which they are still trying to impose.

Letters to the Editor

Aid to the starving

From Mr D. Lehmann.

Sir,—In a few months time people will look back on this Ethiopian episode and tell us that a sudden airlift of food supplies should not have been undertaken so impetuously; and that there could have been a better use of those resources and for the donations of the general public. The airlift of food will not put the fields back into production or bring in new cattle to replace the dead, it will not raise the incomes of peasants and workers sufficiently to enable them to buy food if and when it is locally produced.

Does this mean that it would be better to devote these resources to longer term agricultural development programmes? Perhaps, but not obviously. As in many comparable situations, there will still be the government with its possibly mistaken policies, the guerrillas who get in the way and the risk that the programmes will peter out.

For a Minister, the most rational thing to do is to go for at least an illusion of immediate impact: if he sends food at least some of it will feed some of the hungry. In contrast, if he initiates an agricultural development programme it will take months even years to elaborate, negotiate and implement—by which time all the publicity will have gone out of the affair and it will be vulnerable to the next round of cuts.

The Minister can be forgiven: politicians inevitably have short time horizons. But the tragedy is that thousands of people who are prepared to delve into their pockets to send grain here and now are unaware that if they had sent half the amount in a sustained fashion over a period of years to agencies which take agricultural development seriously, they would have had a better (though by no means guaranteed) chance of saving a life than by sending a panic donation now. (It would also have been more tax efficient.)

David Lehmann.
Faculty of Economics and Politics, University of Cambridge, Sidgwick Avenue, Cambridge.

Protection money

From Mr J. Safford

Sir,—Your call (October 27) for insurance companies to apply much more ingenuity to the problems of protecting their householder clients against the crime wave is greatly to be welcomed.

Of the 11 break-ins in the last two years to the 48 houses covered by our local residents' association, only one was to a house equipped with an alarm system — and that through an open window when the house was occupied and the alarm not switched on. (About a fifth of the houses have alarm systems).

Despite the obvious effectiveness of such systems in deterring burglars, I have yet to find an insurance company which offers a reduced premium to those who instal them. This does not encourage householders to take socially desirable preventive measures.

If Ministers are serious in their concern for law and order, will they not use their influence to bring about a change in insurance companies' anti-social attitudes? Or does free-market dogma rule out common sense action?

John Safford.
16, Berwyn Road, Richmond, Surrey.

Spread of the superstores

From the Chairman, Planning Committee, Greater London Council.

Sir,—Your report (October 30) on the superstore revolution now gathering momentum in London gives only part of the story. Although the handful of retailers who increasingly dominate the grocery trade were relatively slow to develop in London until the 1980s, the scale of activity now taking place is more dramatic than you portray.

For every superstore now in operation there is another one with planning permission and awaiting construction and even more schemes for which planning consent is currently being sought.

Of particular concern is the fact that, whereas many existing stores have boosted trade in existing centres, there is a tendency for these new proposals to be on out-of centre sites where public transport is poor and any advantage is denied to the millions of Londoners without the use of a car. The insistence of some operators on developing only very large stores with many acres of ground level parking often means that they are turning their attention to industrial sites, playing fields or the Green Belt where land prices are cheaper than in town centres.

With limited growth in expenditure on food, they draw trade away from existing supermarkets and local shops leading to closures and limited choice for the less mobile. This will be most acute when a centre falls within the catchment area of five or six superstores—which will happen if the future pattern of shopping is left to market trends.

The GLC's powers are curtailed by a bizarre quirk in the planning regulations which limits its powers of direction on shopping applications to those over 215,000 sq ft yet the Secretary of State requires notification of all schemes over 100,000 sq ft.

Nevertheless, the council has recently adopted policies to meet the new situation only to be told by Mr Patrick Jenkin that he will not consider the proposed GLDP alterations. This leaves a strategic planning vacuum to be filled by the increasingly incomprehensible appeal decisions of the Secretary of State. In three recent cases he has overturned the considered advice of his planning inspectors, disregarded his own department's advice and undermined local authority planning policies. In so doing he is also destroying faith in the planning system and the appeals procedure.

(Cllr) George Nicholson.
County Hall, SE1.

Share option schemes

From Mr R. Greenhill.

Sir,—In response to Peter Brown (October 27), I must agree that share option schemes and, indeed, profit-linked share participation schemes, do not in the short-term form part of some grand job creation strategy. Nevertheless, a current survey carried out in the USA on behalf of Senator Russell Long, which compared the performance of companies before and after the introduction of employee stock ownership plans, showed that, as well as an improvement in corporate performance, the survey group of companies had increased the actual number of jobs by about 30 per cent. Whether or not this indicates a correlation between improved productivity, job creation and employee shareownership, the findings of the survey are worthy of note.

The potential impact of employee share schemes in the UK will depend on companies developing widespread employee share ownership through profit-linked schemes under the Finance Act 1978, savings related share option schemes under the Finance Act 1980, and the judicious use of selective share option schemes under the Finance Act 1984. Admittedly, so far, only a few companies have incorporated meaningful performance targets in their selective share option schemes, but based on enquiries made to me since my letter was published in these columns on October 15, I am cautiously optimistic that other companies will incorporate performance targets as and when they introduce selective share option schemes.

On the broader front, I was encouraged to find that at the annual conference of the Institute of Personnel Management employee share ownership featured as a quite acceptable subject in a number of sectional meetings and seminars. Although it was apparent that some advocates of employee share ownership have made a volte face during the past year or two, I must content myself with the hope that people in personnel management will have a constructive influence on the development of employee share schemes in the UK. It is certainly necessary that employee share ownership should be regarded as part of an integrated policy on remuneration, involvement and participation, and not treated as an opportunity to obtain windfall gains for just a few.

Richard T. Greenhill,
Cockman, Copeman & Partners, 26-28 Bedford Row, WC1.

Reforming Unesco

From the Director, Aims of Industry

Sir,—Your leader. "Reforming Unesco" (October 30) states that "there is no particular evidence that the American decision to withdraw was taken at the highest level"; also that it might be possible to persuade the Americans to stay another year.

Both assertions are incorrect. Mrs Jean Gerrard, the American Ambassador to Unesco, is absolutely in favour of pulling out of Unesco. And there is nothing to suggest that the President is at odds with her on this. There is very little chance that the Americans will change their decision. And quite right, too. The changes proposed in Unesco are cosmetic and undoubtedly that organisation will continue to attack Britain and the West.

It is important that Britain also pulls out, together with the United States. That will influence a number of European countries to do likewise. And that action is our only chance of influencing Unesco in the near future.

Michael Ivens,
40, Doughty Street, WC1.

FINANCIAL TIMES
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Australian call for further Packer inquiry

By Michael Thompson-Noel in Sydney

ALLEGED business transactions involving Mr Kerry Packer, the Australian businessman, should be referred to the Director of Public Prosecutions, Mr Frank Costigan, QC, said in his royal commission report yesterday.

He said there should be further investigation of Mr Packer's affairs, and "the initiation of criminal proceedings."

Mr Packer, who is chairman of Australia's *Consolidated Press Holdings*, a diversified media group, immediately attacked the report. He said: "All of Mr Costigan's allegations against me are false and have been arrived at unjustly and irresponsibly."

The publication of five volumes of Mr Costigan's final report marked the latest development in a bitter controversy about organised crime and corruption much debated in the Australian general election campaign now under way.

A further six volumes of the report were not published yesterday, being regarded as confidential. Mr Costigan's original brief was to investigate the activities of the Federated Ship Painters' and dockers' Union, but his four-year inquiry soon broadened into a general investigation of organised crime.

Mr Costigan said a joint task force of police and other officials should investigate the death of an alleged business acquaintance of Mr Packer's, Mr Ian Coote, a Queensland bank manager, who died in 1982. "The view at the time was that he (Mr Coote) had committed suicide. I am satisfied that it was murder," the report says.

Mr Packer claimed that Mr Costigan had "charged, tried and convicted me behind closed doors." He said he was "absolutely shattered that the Government could disregard my rights by publishing this disgraceful report under parliamentary privilege."

In Canberra, Mr Bob Hawke, the Prime Minister, said the Government "does not believe that naming of persons in public reports is an effective or appropriate alternative to the processes and sanctions of the law of the land." In recent week, Mr Andrew Peacock, leader of the Oppostion, has tried to denigrate Mr Hawke – even calling him a "little crook." The attempt backfired, although in recent days Mr Peacock has staged some recovery in the polls.

Norway and UK see no need to revise oil price

BY DOMINIC LAWSON IN LONDON AND RICHARD JOHNS IN GENEVA

NORWAY and Britain see no need to reconsider their decision to cut North Sea oil prices, despite the Organisation of Petroleum Exporting Countries' (Opec) decision to cut output by 1.5m barrels of oil a day.

The British National Oil Corporation (BNOC) believes that it will soon receive overwhelming support from suppliers and backing for its proposals to cut the official UK marker Brent from $30 to $28.65 a barrel for the fourth quarter.

Of the big four North Sea producers – Shell, Esso, BP and Britoil – only Shell has so far accepted BNOC's proposal.

BNOC's customers are likely to make explicit in their acceptances their contractual right to reopen negotiations if there is a dramatic movement in spot prices.

BNOC is unlikely, however, to consider a return to the former $30 price, unless spot prices for North Sea crudes rise above that level for a sustained period.

Statoil of Norway, whose price cuts precipitated the recent oil price fall, said yesterday that it would stick to its earlier proposal to hold prices in November at an average of $1.05 below the former $30 official price.

That represents a rise of 30 cents a barrel over October's $28.65 price, and means that the UK would be undercutting Norway.

Statoil's proposals, however, have already been accepted by its customers. It will base December's price on November's spot and futures prices, but it feels that such a move seems most unlikely to result in a return to $30, particularly if the UK is selling at $28.65.

Statoil hopes to return eventually to its original policy of setting prices on a quarterly basis. It believes the market is unlikely to be fundamentally unstable well into next year, and thus a more ad hoc, market-related pricing system is necessary.

Oil market watchers were united in the view yesterday that until customers for Opec oil were actually told that they could not buy the oil they were previously lifting, there would be no dramatic rise in spot prices.

Yesterday the spot price for November shipments of Brent was stable at about $27.80 a barrel, well below the official UK and Norwegian prices. Arabian Light, the main Opec marker, was firmer, rising above $28 a barrel.

Shell Oil, another leading U.S. refiner, is to cut its purchase price for light crudes.

Opec does not want its latest production cuts to drive spot prices far above official selling rates.

The plan is to take remedial action if they rise too high for too long a period above the levels – based on a reference price of $29 a barrel – which Opec is trying to defend by its decision on Wednesday to lower its ceiling on maximum collective output to 16m b/d from 17.5m b/d.

Opec also appears to be convinced that a full-scale revision of the price differentials between heavy and light crudes, set in March 1983, is required if market stability is to be established.

A three-man ministerial committee, headed by Sheikh Ahmed Zaki Yamani, Saudi Arabian Minister of Oil, has been tasked with drawing up recommendations for the December meeting.

When price differentials have been adjusted, the intention is that some "mechanism" should be established for revising them at regular intervals to take account of changing market circumstances. That could be carried out every three or six months.

In Mexico City yesterday the Energy Ministry said Mexico would cut its exports of crude oil by 100,000 b/d with immediate effect.

It would not say for how long the cut would remain.

Canada orders probe into Petrofina deal

By Bernard Simon in Toronto

THE CANADIAN Government has asked the accounting firm of Ernst & Whinney to review the 1981 acquisition of the Belgian group Petrofina's local subsidiary by the state-owned energy company Petro-Canada.

Energy Minister Miss Pat Carney said the inquiry was aimed at establishing whether Petro-Canada paid a "fair" price for Petrofina and whether any premium paid above stock-market value "was comparable to premiums paid in similar situations in the private sector."

The investigation follows a long controversy surrounding the deal, which was hailed at the time as an important step towards domestic control of the oil industry. Petro-Canada paid almost C$1.5bn (U.S.$1.15bn) for Petrofina, but the price of Petrofina Canada shares on the Toronto stock exchange virtually doubled in the five months preceding the takeover, leading to allegations of insider trading and an excessive purchase price.

A senior Energy Ministry official said yesterday that the inquiry, no matter what its outcome, would have no impact on the Petrofina transaction, which is regarded as closed. The present Conservative Government, which took office in September, promised during the recent election campaign to investigate the circumstances of the transaction more fully.

Petro-Canada was founded in 1975 as the vehicle for increasing Canadian participation in the energy sector. The company's annual revenues topped C$4bn in 1983, but a mediocre profit record has prompted calls for it to be privatised.

The new Government has not yet formulated its policy on spinning off any of Petro-Canada's assets, arguing that the issue is not a high priority. The question of privatisation of Petro-Canada is also a sensitive political issue that contributed to the downfall of the previous Conservative government in 1980.

Meanwhile, British Columbia Resources of Vancouver has expressed an interest in buying all or part of Canada Development Investment Corporation, the state-owned company whose interests include two aircraft manufacturers, de Havilland and Canadair, and the uranium producer Eldorado Nuclear. The Government said earlier this week that it planned to dispose of most of CDIC's assets.

BC Resources was formed by the British Columbia government in 1978. *It is now a widely held group* with interests in forest products, oil and gas, and coal mining.

Activists break with Walesa in calling for strike over priest

BY CHRISTOPHER BOBINSKI IN WARSAW

A GROUP of well known Solidarity activists, some of whom were recently given amnesties, have openly called for a one-hour token strike in the Gdansk region on November 9 to protest against the murder of Father Jerzy Popieluszko, the outspoken pro-Solidarity priest.

It is the first such strike call since martial law was imposed in Poland and it marks an open rift between the group and Mr Lech Walesa, the Solidarity leader, who has been appealing for calm and a dialogue with the authorities.

The group includes Mr Andrzej Gwiazda, once Mr Walesa's deputy and an open critic of his moderate approach during the Solidarity period.

Others are Ms Anna Walentynowicz, another Walesa critic who played a principal part in the strike at the Lenin Shipyard in August 1980, and Mr Andrzej Kolodziej, who led a strike at the neighbouring Gdynia shipyard at that time.

In their appeal, the activists assume that the kidnap and murder of the priest was carried out with the authorities' full knowledge.

That contradicts Mr Walesa's thesis that the events were the result of a power struggle inside the establishment and that Solidarity should not get involved.

Mr Lech Walesa: appeal unheeded

"We can no longer be passive in our struggle against evil," the five signatories say. "The victim was chosen so as to scare off others in both towns and villages and in the opposition. If we remain silent in the face of this horrible crime... then fear will paralyse our thoughts, words and deeds."

The signatories ask people to attend the funeral of the dead priest tomorrow, to wear signs of mourning and to put lighted candles in their windows each evening until November 10, the fourth anniversary of Solidarity's registration in 1980. On the same date in 1982, underground officials of the union called for a general strike and demonstrations to protest against the final banning of the union.

The strike call failed and Mr Lech Walesa was released from internment soon after.

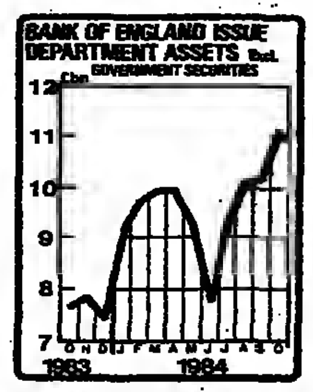
Yesterday, long queues of people waited to sign a book of condolence at Father Popieluszko's parish church and hundreds of candles commemorating him were lit.

In a sign that the opposition is still debating what to do next, Mr Leszek Moczulski, who led the KPN nationalist group and spent four years in prison as a result, has suggested that an independent commission of inquiry be set up.

THE LEX COLUMN

Bills galore at the Bank

Yet again, Mr Regan called for lower U.S. interest rates yesterday. But this time, the market took heed and bundled the dollar through its DM 3 support level, while money market rates fell. If the pound hangs on to the D-Mark's coat-tails, *there could be room for another cut* in base rates in the not-too-distant future.



Overfunding

In a speech delivered last week, the Governor of the Bank of England mounted a vigorous defence of overfunding as an instrument of monetary control. The arguments advanced in favour of selling more gilt-edged stock than is needed to fund the PSBR were for the most part soundly based. But, at the same time, the Governor would have had to turn intellectual cartwheels to justify any other position.

Yesterday's weekly return from the Bank of England showed a bill mountain of Himalayan proportions. Since the beginning of this year, the issue department's holding of non-government securities, almost all of them bills, has risen from £8bn to roughly £11bn. That figure, very crudely, represents the degree of cumulative overfunding.

The figure would no doubt be higher still but for the repurchase facility in gilts and promissory notes introduced last month to relieve pressure on the bill market. The Bank has arranged similar facilities in the past; the difference this time is that the Bank is having to help out during what should be a period of loose money.

Instead, the money market is facing *exceptionally large daily short*ages – admittedly due in part to the discount houses' current preference for selling very short paper – and there seems little prospect that these will be alleviated later in the month when funds will be withdrawn to pay the once-off VAT bill. From then until the seasonally tight tax-paying season of early January is but a short jump.

In theory, this should hardly matter. Even if the Bank were to exhaust the stock of available bills, which is unlikely, there is no reason why it should not extend a gilt repurchase facility ad infinitum. Overfunding is nothing new and, as the Governor argued, the Bank is simply performing a function which might otherwise be carried out by the private sector in the debenture market. There is little evidence to suggest that the Government is crowding out the private sector and, so long as the yield curve is sloping upwards, it may even be performing a valued service by borrowing long and effectively reinvesting the proceeds in the bill market.

The Governor's analysis does, however, ignore two salient points. Firstly, the bill mountain's recent growth cannot be explained by overfunding alone. Sales of gilt-edged to non-residents and the failure of local authorities and public corporations to repay bank debt have probably added indirectly to the bill holding without producing a commensurate effect on bank lending.

Secondly, while overfunding may help to regulate the volume of money, it restricts the Bank's ability to control its price. By needing to be present every day in every section of the bill market, the Bank of England has been unable to influence the market in the way envisaged in the monetary control arrangement of autumn 1981. Overfunding, in short, is good – but not all good.

Currys/Dixons

The sheer audacity of Dixons' bid for Currys has understandably provoked a defence bristling with reminders that this *is* Currys' centenary year and that experience counts. Yesterday's defence document describes Dixons as "an exponent of the ephemeral" with a disdain worthy of the Edwardian proprietor of Mr Kipps' emporium, accosted by some mere trader – but Currys also has a more commercial case to make.

The pro forma pre-tax profit figures for the year to October, at £26.5m, confirm that Curry's trading experience has improved markedly in the last three months. The outcome has comfortably exceeded the market's expectations and yesterday helped lift the shares 12p to 424p. That contrasted starkly with the response given to last month's interim profits announcement – nowhere mentioned by Currys or its adviser, S.G. Warburg – and only underlines the keen timing of Dixons' bid.

It is at the same time clear enough that Currys is at last managing to focus its retailing strategy, so the group has plenty to say about future changes. Many of its ideas look only too like the formula being *applied so successfully by Dixons* – now that it has left behind the mistakes of the 1970s which Curry's shareholders are invited to ponder. But the market has made light of those for some time and Curry's assertion that it deserves a higher rating looks questionable to say the least.

Even with a comparable rating, anyway, Curry's autumn revival makes it hard to see how Dixons can hope to succeed with a price worth around £4 a share. The defence has still to show its hand on asset values, which should contain a trump or two, and the market seems not to expect a long struggle – Dixons closed up 11p at 331p.

BOC

The BOC share price has taken a caning this year over problems in the U.S., so yesterday's news that the group is largely pulling out of U.S. welding was well received. The 19p jump in the price to 280p might have been greater had the group been more candid on how the sums will work.

The sale of the arc welding equipment business to ESAB and the closure of the welding wire operation should not on balance prove too costly, although ESAB will doubtless be paying little enough for the purchase. Doubtless again, the Swedish company knows what it is about, since it has been picking up bits from BOC around the world for several years now.

The business BOC is dropping account for close on half the welding division's U.S. assets, and much more than that of its losses. The remaining bits of the division are by implication loss-making in aggregate, and will individually be kept under review. The net effect, though, will be to lift expectations for the group's 1984–85 performance. There remains the other big U.S. problem – the nasty effects of the dollar's strength on the carbon graphite business.

U.S. Steel to file suits on imports

BY NANCY DUNNE IN WASHINGTON

U.S. STEEL Corporation, the largest American steel producer, is preparing to submit trade suits against four non-Communist nations that are unlikely to get *immediate* attention under President Ronald Reagan's plan to reduce steel imports.

The dumping and subsidies charges, mostly involving steel plate, will be levied against Sweden, Norway, Austria and Venezuela in cases to be submitted during this month and next. The company will also file unfair trade cases against six Communist countries not covered by the President's scheme: East Germany, Poland, Czechoslovakia, Hungary, Poland and Bulgaria.

When the President announced his import reduction plan in September, promosing to reduce the import share from 25 per cent to 18.5 per cent of the U.S. market, de*lighted steel officials* said they would withdraw formal trade complaints against complying producers. They also promised not to file new cases unless they were "needed" by the trade representative's office – presumably as bargaining counters in negotiations.

U.S. trade officials have begun preliminary talks with the five nations outside the EEC that supply the bulk of new steel imports. They are South Korea, Japan, Brazil, Argentina and Spain.

Mr Dominic B. King, chief counsel for U.S. Steel, said the new cases were *not* meant to be *disrup*tive of the negotiations but supportive of the U.S. trade representative's efforts. He implied that the cases had first been cleared with the Administration.

Mr David Roderick, the company's chairman, said that nine of the 10 countries to be named in the suits nearly quadrupled their exports to the U.S. in the first six months of 1984 – to 834,000 tonnes from 218,000 in the same period of 1983.

Sweden, the largest supplier of the group, increased its U.S. sales from 123,000 tonnes in the first six months of 1983 to 328,000 over the same period this year.

UN Falklands vote fails to split EEC

BY OUR UN CORRESPONDENT, IN NEW YORK

ARGENTINA'S hoped-for split in EEC ranks failed to materialise yesterday at the UN General Assembly vote on the Falklands.

The Assembly, by a vote little *dif*ferent from that recorded last year, again called on Britain and Argentina to resume negotiations on the sovereignty dispute.

Britain and eight other countries voted against the resolution submitted by Argentina and a large group of Latin American states. It was supported by the U.S. but expectations in some quarters that this time there would be a split – damaging to Britain – among its EEC partners, were not fulfilled. As last year, those nine all abstained.

A total of 89 votes for the resolution represented only a small improvement for the Argentine side – by just two votes over last year's tally. The number of abstentions, 54, was precisely the same as before.

In a brief address shortly before votes were cast yesterday, Sir John Thomson, Britain's chief delegate, again raised the issue of the right of the islanders to self-determination. He said it was crucial, but Argentina argued that it did not apply in "this special and exceptional case." To ignore the right of self-determination was to overturn a principle enshrined in the UN Charter, Sir John said.

Falkland's war of words, Page 6;
Editorial comment, Page 14

UK pit strike deadlock

Continued from Page 1

to respond accordingly, and give the same sort of support to the NUM."

NUM leaders will today meet transport union leaders and Mr Jim Mortimer, the Labour Party's general secretary, to discuss further aid. Mr Kinnock, who was to have attended the latter meeting, is to fly to India to Mrs Gandhi's funeral.

There are some signs that the NUM's right wing, dormant in recent months, is becoming sufficiently alarmed by the progress of the dispute to propose alternative courses of action.

The NCB's full negotiating team appeared at a press conference yesterday morning in a show of unity behind the proposition that they had reached the end of the road on talks. Mr James Cowan, the deputy chairman, said: "I do not see any hope whatsoever of reaching a settlement with Mr Scargill" – a point echoed by Mr Michael Eaton, the NCB's new communicator.

The NCB and the Government will now launch a propaganda campaign to persuade striking miners to return to work. Ministers intend to stress that no further concessions will be made beyond those reached at talks with the pit deputies' union Naeods last week.

The Whitehall view is that negotiations have gone on long enough and that striking miners should be faced with the fact that there is no advantage to them in believing that if they stay out more will be on offer.

The Cabinet endorsed this view at its meeting yesterday morning when Mr Peter Walker, the Energy Secretary, presented a brief report. In general, ministers are confident that the Government can maintain its present position throughout the winter and that Mr Scargill will be increasingly isolated. Their view is that over time there will be an increasing movement back to work which will influence the attitude of NUM leaders.

Saarstahl aid ban lifted

By Peter Bruce in Bonn

THE EUROPEAN Commission has finally agreed to lift its ban on aid to Arbed Saarstahl, the technically bankrupt West German steel producer.

The Commission blocked a DM 77m ($26m) payment to Saarstahl from the Saar state government this year, arguing that even with aid there was no sign that the steelmaker would be financially independent by the end of 1985. The Commission has ruled all subsidies to the Community's steel industry must end by that date.

Saarstahl, however, disclosed last week that on *the Commission's* advice, McKinsey and Company, a firm of U.S. consultants, was drawing up a restructuring plan for the group. Saarstahl has also hired a firm of West German consultants, Roland Berger and Partners, as its advisers.

It is understood that negotiations between Saarstahl, Luxembourg's Arbed, in theory the parent company, and the French steelmaker Dillinger, aimed at merging Saarstahl with Dillinger's works in the Saar, may be finalised before the end of the year.

The reversal of the Commission's ban means that Brussels has so far approved aid of some DM 277m for Saarstahl overall.

Its insistence that the McKinsey recommendations be adhered to might mean that the Saar government will have to agree to a restructuring of the second largest employer in the state before state elections scheduled for next March. Restructuring would inevitably lead to losses of jobs and steelmaking capacity.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	66	Dubrovnik	-	—	—	Malaga	C	20	68	Salzburg	F	5	41
Akrotiri	R	21	70	Faro	S	22	72	Malta	F	19	66	Seoul	S	15	59
Algiers	S	25	77	Florence	S	23	73	Manila	S	30	86	Singapore	F	30	86
Amsterdam	S	16	61	Frankfurt	Fg	6	43	Miami	C	26	79	Stockholm	S	10	50
Athens	F	15	59	Funchal	F	22	72	Milan	S	15	59	Strasbourg	Fg	7	45
Bahrain	S	29	84	Geneva	C	6	43	Moscow	C	8	46	Sydney	C	20	68
Bangkok	S	33	91	Gibraltar	F	20	68	Munich	S	6	43	Taipei	C	25	77
Barcelona	S	20	68	Guernsey	C	13	55	Nairobi	-	—	—	Tangier	F	21	70
Beirut	S	25	77	Helsinki	F	8	46	Naples	S	19	66	Tehran	-	—	—
Belgrade	F	11	52	H Kong	S	21	70	New Delhi	S	25	77	Tel Aviv	S	24	75
Berlin	S	11	52	Innsbruck	S	14	57	New York	C	23	73	Tenerife	S	23	73
Biarritz	F	23	73	Inverness	R	12	54	Nice	S	18	64	Tokyo	C	18	64
Blackpool	S	15	59	Istanbul	R	12	54	Oporto	F	18	64	Toronto	C	11	52
Bordeaux	S	19	66	Jersey	C	13	55	Oslo	C	10	50	Tunis	F	21	70
Brussels	S	17	63	Jo'burg	C	15	59	Paris	S	18	64	Valencia	F	21	70
Budapest	Fg	8	46	Las Palmas	S	24	75	Prague	Fg	2	36	Venice	S	16	61
B. Aires	F	22	72	Lima	F	21	70	Reykjavik	S	-1	30	Vienna	Fg	6	43
Cairo	F	25	77	Lisbon	F	18	64	Rio de J'o	S	37	99	Warsaw	S	13	55
Cape Town	F	18	64	Locarno	C	15	59	Rome	F	20	68	Zurich	Fg	5	41
Caracas	C	26	79	London	S	17	63								
Casablanca	-	—	—	Los Angeles	C	21	70								
Copenhagen	C	9	48	Luxembourg	S	11	52								
Corfu	S	22	72	Madrid	F	18	64								
Dublin	C	14	57	Majorca	F	23	73								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Friday November 2 1984

KLM six month earnings jump 63%

By Our Financial Staff

KLM, the Dutch state airline, reported a striking increase in six-month profits following a rise of a tenth in traffic volume and useful currency gains.

Net profits for the half-year ended September 1984 have risen by 63 per cent to Fl 319m ($93m) with the second-quarter outcome up to Fl 230m, against Fl 156m a year ago.

Operating revenue for the six months improved from Fl 2.66bn to Fl 2.9bn. Costs have been held in check and for the second quarter financing charges dropped from Fl 14.4m to Fl 8.1m.

The half-year result has also been boosted by a favourable swing in currency factors. Against a debit of Fl 29.3m a year ago, there is a currency gain of Fl 22.8m.

For 1984–85 as a whole, KLM is standing by its forecast of higher earnings. However, the airline stressed that there would be some loss of momentum in the current six months as a result of seasonal factors.

Last year KLM turned in net profits of Fl 103m, against Fl 41m for 1983–83, but again failed to pay a dividend.

Recently, hopes have been running high in Dutch bourse circles for a return to dividends in the current 12 months. KLM has not paid a dividend for six years: shareholders last received Fl 7 a share from net profits of Fl 82m.

The dividend hopes persist despite heavy capital spending by the airline. Substantial fleet renewals could see capital investment rise to Fl 1bn over the next few years.

MATRA-HARRIS SEMICONDUCTORS SET TO BRING IN ITS FIRST PROFITS

Transatlantic accord survives the storm

BY DAVID MARSH IN PARIS

MATRA-HARRIS Semiconductors (MHS), the French integrated circuits manufacturer owned jointly by France's state-controlled Matra group and Harris of the U.S., is beginning to see light at the end of the tunnel after a prolonged and costly start-up period.

The company was set up in 1980 as a prime vehicle for the transfer to France of U.S. expertise in electronics.

It has ploughed through the vicissitudes of the last few years – including the state's taking of a 51 per cent stake in Matra after the Socialists came to power in 1981 – thanks, above all, to close understanding between the chairmen of the two shareholders, M Jean-Luc Lagardere of Matra and Mr Joseph Boyd of Harris.

MHS employs 760 people at a new factory near Nantes in western France. It has fought its way through to break-even after losses of FFr 180m ($19.4m) on FFr 170m sales last year and total cash injections since 1980 of nearly FFr 1bn.

Sales this year are expected to double to FFr 340m and projected to build up to FFr 600m in 1985 and FFr 1.6bn in 1988.

M Guy Dumas, MHS's chairman however, freely admitted that be will not be able to rely for ever on the 1984 international semi-conductor boom which has considerably boosted his company's fortunes this year. "1985 will not be a repetition of 1984. The supply/demand position will be much more normal. The rise in prices during 1984 has helped bring us to equilibrium. This factor will disappear next year."

This is why MHS, which is building up to employ 1,000 staff by the end of 1985 and is introducing 24 hours a day, seven days a week shift work, is making a constant effort "to improve the quality of our engineering," M Dumas said.

The company is emphasising improved services to customers by building up its European network of "semi-custom" centres where clients in telecommunications, information technology or military equipment can order MHS circuits tailor-made to their own specifications.

It is redoubling attempts to win export business, projected to grow from 44 per cent of sales this year (mainly in Europe) to 60 per cent in 1988, with a move away from European markets towards the U.S. and the Far East. "The imperatives of volume and price force us to move away from Europe," M Dumas said.

All this will continue to demand a great deal of money, with future investments up to 1988 programmed at FFr 1.1bn. Harris, a company with annual sales of $2bn based in Melbourne, California, engages in a range of activities in communications and information and defence systems as well as semiconductor manufacturing, and has so far backed MHS to the hilt.

The two shareholders, each owning 49.9 per cent of MHS (the remaining 0.2 per cent is owned by the company's management), between 1980 and June 1 this year jointly put in FFr 570m, with another FFr 410m coming from government loans and subsidies, including FFr 110m in research credits.

The two shareholders are also writing off claims on MHS of FFr 130m as part of a general financial restructuring programme. Taking into account operating losses of FFr 45m in the first half, improving to break-even in the second, the financial help will allow Matra to declare a net profit of more than FFr 80m this year after cumulative losses in previous years of FFr 330m.

The cash injection has helped reduce MHS's debt charges from a crippling 15 per cent of turnover last year to a more reasonable 2.5 per cent this year.

To help finance the FFr 1.1bn investment programme, MHS will be relying on fresh injections from shareholders. It is also seeking a FFr 150m loan from the Government's Industrial Modernisation Fund as well as fresh research credits, possibly linked to defence work.

MHS is gearing its future firmly to production of advanced microprocessors and memory circuits using the CMOS chipmaking technology acquired from Harris. It also has a second U.S. link-up in the form of a separate accord signed in 1980 with Intel, the major semiconductor manufacturer in which IBM has a 20 per cent stake.

MHS draws on Intel for the supply of 8 and 16-bit microprocessors under a second source agreement, as well as CMOS technology for advanced circuit design. MHS and Intel also own 50/50 a joint company, Cimatel, for making circuits primarily used in telecommunications.

MHS believes the CMOS sector is the fastest-growing part of the international integrated circuits markets. It is optimistically predicting a 47 per cent annual average growth rate for this sector up until 1988.

Integrated circuits for military products at present make up about 36 per cent of MHS production, but the proportion is expected to drop to 18 per cent by 1988 as the company builds up its clientele in the telecommunications and computer fields.

Although Matra's military division is a key client, only about 5 to 6 per cent of turnover is directly with the Matra group.

M Dumas brushed aside the risks of undue competition from the state-owned Thomson group, which with a technology link-up with Motorola of the U.S., is France's second integrated circuit manufacturer. "We do not worry about Thomson," he said.

Thomson has made a big effort to reach financial equilibrium – with the benefit of considerable state aid – in its semiconductor activities. It is also mounting a push into areas of telecommunications where French manufacturers have previously relied on chips from Intel.

As for the relationship with Harris, M Dumas said it is built on the concept of the "interchangeability" of MHS and Harris products in the U.S. and European markets.

Even though it will still be some time before Matra and Harris receive a clear return on their investment, M Dumas added: "The shareholders feel we are doing good work."

The message is backed up by a buoyant forecast that by 1988 profit will be running at 9 per cent of turnover. Clearly however, much will depend on the general state of the world semiconductor market.

Data General full year earnings treble as sales top $1bn

BY PAUL TAYLOR IN NEW YORK

DATA GENERAL, the U.S. super-mini computer maker which has been aggressively expanding its product line, yesterday reported a surge in fiscal fourth-quarter and full-year earnings bolstered by full-year revenues that soared 40 per cent to over $1bn.

The Westboro, Massachusetts-based company, whose earnings have rebounded in the last 18 months, reported fourth-quarter earnings, before a $12.6m non-recurring tax gain, of $29.5m, or $1.12 a share, for the 17 weeks to September 29 compared with $10.7m, or 43 cents, in the 16-week final period last year. Including the tax adjustment, net income in the latest quarter totalled $42.1m, or $1.59 a share.

Revenues in the fourth quarter increased by 53 per cent to $415.7m from $271.8m, spurred by higher equipment sales which grew to $322.8m from $193.2m.

The sparkling fourth-quarter results helped full-year earnings, excluding the tax gain, almost triple to $67.2m, or $2.60 a share, compared with $23.1m, or 96 cents, last year on revenues which grew to $1.16bn from $829m. Including the tax adjustment, net income increased to $83.3m, or $3.21 a share.

Operating income for the full year grew to $102.8m, or 8.8 per cent of revenues, from $36.4m, or 4.4 per cent of revenues in the previous year.

Mr Edson de Castro, Data General's president, said: "This year's performance is largely the result of the most ambitious product development effort in the company's history. We believe we now have product leadership in the industry's most important growth markets of office automation, industrial automation, and personal automation."

During the final quarter, the company began shipment of its high performance 32-bit engineering workstations and its newly-introduced lightweight IBM-compatible personal computer, the Data General-One. The company said yesterday that the reception for the new products had been "outstanding."

Data General added that, beginning with the 1985 fiscal year, it had changed its quarterly reporting to four quarters of 13 weeks each.

Further upturn at Continental Airlines

By Our Financial Staff

CONTINENTAL Airlines, the Houston-based carrier which applied for Chapter 11 protection under the U.S. bankruptcy code in September last year to help cut its wages bill, has disclosed further strong signs of recovery.

The group reveals an operating net profit of $30.3m, equal to 71 cents a share, for the third quarter raising the nine-month total to $35.6m, or 74 cents a share.

In 1983, there was a net operating loss of $97.2m for the third quarter and a nine-month deficit of $161.2m, or $7.75 a share.

The current year's figures exclude tax credits of $12.7m for the quarter and $15m for the nine months, while 1983 returns for both periods include a $15.4m provision for accrued reorganisation expenses and bad debt adjustments associated with the Chapter 11 filing.

Finance chief quits as FCA recovers

BY WILLIAM HALL IN NEW YORK

FINANCIAL Corporation of America (FCA), parent of the biggest U.S. savings and loan which is recovering from a severe run on its deposits earlier this year, has lost its finance chief.

Mr John Darr, who took over as chief financial officer in June, has resigned and FCA has not announced a replacement. Mr Darr is the latest in a number of senior executives to quit FCA since it ran into difficulties earlier this year. Mr William Popejoy, the new chief executive, said that he had accepted Mr Darr's resignation with deep regret.

Since August, when he was brought in to replace Mr Charles Knapp, the architect of FCA's rapid growth, Mr Popejoy has hired new auditors, substantially restructured the board, and indicated that he intends FCA to be a much more conservative institution in future.

Last week FCA announced that it had earned $1.23m in its third quarter compared with the $107.2m loss in the second quarter which had precipitated the loss of confidence.

The group lost $6.8bn of deposits in August and September, but by the end of the quarter the outflow had been halted. Mr Popejoy said last week that he did not know of any financial institution "that had the strength to withstand a savings outflow of the size we experienced and still avoid a government takeover."

Digital launches new model

BY OUR NEW YORK STAFF

DIGITAL Equipment (DEC), the second largest computer maker in the world, yesterday introduced its long-awaited powerful new minicomputer codenamed "Venus".

The new machine, the Vax 8600, is over four times more powerful than DEC's existing top-of-the-line Vax 11-780 computer and more powerful than IBM's new low-end mainframe computer, the 3083-CX, introduced just last week. The Vax 8600 will cost $351,000 for the basic processing unit.

The new computer, which has been under development for five years and has been subject to technical setbacks and delays, is seen as essentital for DEC if it is to maintain its position in the expanding and highly competitive superminicomputer market.

Assassination could affect Indian loans

By Margaret Hughes in London

SYNDICATION of the first major borrowing this year by an Indian state-owned entity – the National Aluminium Company (Nalco) – had been virtually completed ahead of Wednesday's assassination of Prime Minister Indira Gandhi. With India due to come to the market for several further loans, however, possibly totalling nearly $1bn, bankers are closely monitoring developments in the hope that there will be a smooth transition of power to Mrs Gandhi's son.

Syndication of the $300m Nalco loan was due to close on Wednesday evening by when some $81m had been raised in general syndication of which $59m was for the convention tranche of the loan and $22m was for the tax spared portion. The books are being kept open for another day but banks involved in the deal said yesterday that, with the loan already fully underwritten they see no problems in raising the full amount. They concede, however, that there may now be some delay during the documentation stages.

The eight-year credit has been lead managed by a group of nine banks with Bank of Tokyo, Chase Asia, Chemical Asia and Orion Royal Pacific arranging the $200m conventional credit and Midland, Mitsubishi Finance (Hong Kong), National Westminster, Société Générale and Standard and Chartered handling the tax spared portion.

While bankers expect the Nalco loan to proceed more or less as planned the fate of India's other borrowing plans is more uncertain. India had been sounding out the Euromarkets for three further major loans for state-owned entities.

India's Oil and Natural Gas Commission (ONGC) is reported to be seeking $200m, with a floating rate note issue the most likely option. The two state-owned airlines are looking for funds to finance new aircraft purchases. Air India is said to be seeking between $450m and $480m to buy Airbuses while the domestic carrier, Indian Airlines is said to be seeking some $250m in commercial loans

Unilever sells UK unit

BY HAZEL DUFFY IN LONDON

UNILEVER, the Anglo-Dutch conglomerate, has sold its UK distribution subsidiary, SPD, to the National Freight Consortium, a British distribution company, for an undisclosed sum.

The two companies announced yesterday that they had agreed in principle on the deal, after earlier disclosures that they were having discussions. NFC has not said how it plans to transform the loss-making company into a profitable entity.

SPD employs 2,700 people and has 37 locations. About a quarter of its £55m ($66m) turnover last year was accounted for by the distribution of Unilever products, and NFC has received indications that Unilever companies will continue with SPD under new ownership. Consultation with all employee groups within SPD was promised yesterday by NFC.

Gen Dynamics up 33%

BY OUR NEW YORK STAFF

GENERAL DYNAMIC, the biggest U.S. defence contractor, yesterday reported a 33 per cent increase in third-quarter net earnings buoyed by "steadily improving performance" throughout the company – particularly in the aircraft, marine, missile and gun systems programmes.

The St Louis, Missouri-based company, said net earnings increased to a record $102.2m, or $2.22 a share, in the third quarter from $76.7m or $1.43, in the 1983 quarter on sales which grew by 17.6 per cent to $2bn from $1.73bn.

For the first nine months, General Dynamics posted net earnings of $275.7m, or $5.71 a share, on sales of $5.8bn. This compared with net earnings in the 1983 period of $206.2m, or $3.76, on sales of $5.3bn.

The company noted that per share earnings were also lifted in both the quarter and nine months by its stock purchase programme.

Asarco to finish 1984 with loss

By Our Financial Staff

ASARCO, the U.S. non-ferrous metals smelter and refiner, expects to report a loss for 1984 after losing $69.6m in the first nine months because of continued depressed prices for copper and silver.

The company does not rule out the possibility of a profit in the fourth quarter, since copper inventories had declined and the metal's price had improved slightly, but Mr F. R. McCallister, vice-president for finance, said it would take "a spectacular improvement in prices" to produce a positive result.

Sarco, which will omit its fourth-quarter common stock dividend, earned $58.3m last year, with $11.7m of the total coming in the final quarter.

Mr Richard Osborne, company president, said one factor interfering with the recovery of metals prices had been the siphoning off of speculative interest in commodities into interest-bearing investments.

INTERNATIONAL COMPANY NEWS

N. AMERICAN QUARTERLY RESULTS

AMERICAN STANDARD
Transportation, building products

Third quarter	1984 $	1983 $
Revenue	828.8m	483.7m
Net profits	29.1m	14.7m
Net per share	0.78	0.53

BRITISH COLUMBIA FOREST PRODUCTS
Pulp and paper

Third quarter	1984 C$	1983 C$
Revenue	274.8m	226.6m
Net profits	2.1m	16.4m
Net per share	0.04	†0.13
Nine months		
Revenue	708.7m	660.9m
Net profits	13.2m	127.0m
Net per share	†0.07	†0.56

†Loss

CLARK EQUIPMENT
Lift trucks, construction machinery

Third quarter	1984 $	1983 $
Revenue	303.5m	211.4m
Net profits	4.7m	3.5m
Net per share	0.30	0.30
Nine months		
Revenue	911.5m	622.5m
Net profits	21.0m	4.0m
Net per share	1.34	0.25

DUKE POWER
Electric utility

Third quarter	1984 $	1983 $
Revenue	739.0m	667.8m
Net profits	139.0m	129.9m
Net per share	1.23	1.17
Year		
Revenue	2.62bn	2.37bn
Net profits	483.2m	412.7m
Net per share	3.92	3.62

EG & G
Electronics equipment

Third quarter	1984 $	1983 $
Revenue	270.2m	237.9m
Net profits	12.9m	11.8m
Net per share	0.47	0.40
Nine months		
Revenue	784.5m	672.2m
Net profits	40.2m	34m
Net per share	1.38	1.14

GENERAL PUBLIC UTILITIES
Electric utility

Third quarter	1984 $	1983 $
Revenue	795.0m	645.5m
Net profits	34.9m	25.9m
Net per share	0.56	0.42
Nine months		
Revenue	2.08bn	1.87bn
Net profits	87.5m	30.4m
Net per share	1.39	0.50

GENUINE PARTS
Auto parts, hardware

Third quarter	1984 $	1983 $
Revenue	602.3m	558.4m
Net profits	31.5m	25.9m
Net per share	0.58	0.53
Nine months		

GLOBAL MARINE
Offshore drilling

Third quarter	1984 $	1983 $
Revenue	132.8m	108.7m
Net profits	2.8m†	10.0m
Net per share	0.21†	0.32
Nine months		
Revenue	308.4m	348.3m
Net profits	4.8m†	43.7m
Net per share	0.53†	1.44

†Loss

HUSKY OIL
68% owned by Nova

Third quarter	1984 C$	1983 C$
Revenue	—	—
Net profits	28.9m	18.6m
Net per share	0.33	0.17
Nine months		
Revenue	1.34bn	1.22bn
Net profits	65.9m	28.5m
Net per share	0.72	0.25

IMASCO
Foods (controlled by BAT Industries)

Second quarter	1984-85 C$	1983-84 C$
Revenue	1.09bn	777.2m
Net profits	61.8m	52.7m
Net per share	1.21	1.03
Six months		
Revenue	2.06bn	1.48bn
Net profits	113.8m	96.8m
Net per share	2.22	1.98

JOHNSON AND JOHNSON
Toiletries, drugs, medical products

Third quarter	1984 $	1983 $
Revenue	1.50bn	1.43bn
Net profits	137.7m	150.2m
Net per share	0.75	0.79
Nine months		
Revenue	4.57bn	4.50bn
Net profits	407.5m	424.0m
Net per share	2.16	2.23

KELLOGG
Ready-to-eat cereals

Third quarter	1984 $	1983 $
Revenue	676.1m	634.9m
Net profits	78.1m	76.9m
Net per share	1.00	1.01
Nine months		
Revenue	1.96bn	1.82bn
Net profits	225.8m	200.2m
Net per share	2.89	2.62

KERR-McGEE
Energy, mining, offshore drilling

Third quarter	1984 $	1983 $
Revenue	836.9m	896.3m
Net profits	21.6m	38.7m
Net per share	0.41	0.75
Nine months		
Revenue	2.64bn	2.68bn
Net profits	99.9m	101.3m
Net per share	1.89	1.91

LOUISIANA LAND & EXPLORATION
Oil and gas, mining, property

Third quarter	1984 $	1983 $
Revenue	322.2m	313.6m
Net profits	26.0m	24.2m
Net per share	0.82	0.80
Nine months		
Revenue	990.2m	977.5m
Net profits	78.8m	75.1m
Net per share	2.48	2.03

MASCO
Building, DIY products

Third quarter	1984 $	1983 $
Revenue	182.9m	208.0m
Net profits	27.2m	28.5m
Net per share	0.48	0.53
Nine months		
Revenue	905.0m	738.0m
Net profits	94.2m	78.8m
Net per share	1.67	1.40

NORTHWEST AIRLINES
Passenger carrier

Third quarter	1984 $	1983 $
Revenue	595.9m	548.8m
Net profits	45.9m	45m
Net per share	1.97	1.91
Nine months		
Revenue	1.59bn	1.37bn
Net profits	86.5m	38.5m
Net per share	3.71	1.71

SOUTHERN CO.
Electric utility

Nine months	1984 $	1983 $
Revenue	4.67bn	4.09bn
Net loss	564.5m	428.3m
Net per share	2.33	1.99
Year		
Revenue	6.06bn	5.27bn
Net profits	726.5m	510.6m
Net per share	3.10	2.39

TIMKEN
Roller bearings

Third quarter	1984 $	1983 $
Revenue	278.4m	225.1m
Net profits	11.5m	13.8m*
Net per share	0.98	0.54*
Nine months		
Revenue	879.8m	686.3m
Net profits	44.8m	5.1m*
Net per share	3.79	0.45*

*Loss

VARIAN ASSOCIATES
High-tech products

Fourth quarter	1983-84 $	1982-83 $
Revenue	289.7m	213.9m
Net profits	18.4m	14.1m
Net per share	0.83	0.64
Year		
Revenue	928.7m	760.3m
Net profits	59.9m	44.9m
Net per share	2.72	2.14

WENDY'S INTERNATIONAL
Fast food restaurants

Third quarter	1984 $	1983 $
Revenue	246.0m	189.9m
Net profits	18.8m	16.1m
Net per share	0.34	0.29

Surge in earnings for SKF at nine months

BY DAVID BEOWN IN STOCKHOLM

SKF, the Swedish roller bearing and engineering group, reveals a powerful surge in earnings for the first nine months of 1984 with improved worldwide markets allowing price increases and better capacity utilisation.

After net financial items, profits for the nine months are SKr 842m ($97m) against SKr 383m a year ago. At the half-year stage, profits were SKr 524m.

Mr Jan Essunger, the finance director, dismissed a 10 per cent decline in sales between the second and third quarters as "an accounting technicality" and reiterated his forecast of a 10 per cent to 15 per cent increase in turnover for the full year.

Nine-months operating income climbed 9.4 per cent to SKr 13.2bn. Demand on the European market has picked up particularly for capital goods, and remains strong in the U.S. The group has been able to push through further price increases, and short-time work has been eliminated, said Mr Essunger.

The group, beaded by Mr L. Johansson, forecasts e "very substantial" increase in profits for the wbole of 1984.

Operating costs climbed at only half the rate of turnover. And there has been a reduction in the net financial costs from SKr 271m to SKr 124m.

Before financial items, profits totalled SKr 855m. Of this, the bearings division accounted for SKr 629m, up SKr 301m from the previous year. Special steels swing from a loss of SKr 44m to a profit of SKr 62m. Both the cutting tools and other products divisions noted strong improvements.

On e rolling 12-month basis, sales advanced by 7 per cent to SKr 17.4bn. Operating results climbed by 35 per cent to SKr 1.2bn, and income before exchange differences by 78 per cent to SKr 1.07bn.

Net profit per share on the same base rose from SKr 6.95 to SKr 16.20. Capital expenditure declined by SKr 70m to SKr 393m.

Mr Lennart Johansson, SKF chief executive who expects a "substantial increase" in 1984 profits

Indosuez extends Asia operations

BY DAVID DODWELL IN HONG KONG

INDOSUEZ ASIA, the Hong Kong-based merchant banking arm of Banque Indosuez of France, plans to purchase a seat on the territory's unified stock exchange following recent changes in local securities industry regulations.

Indosuez also disclosed yesterday that seats are to be sought on the Singapore futures exchange, which opened in October, and on the Hong Kong counterpart, which is due to open next spring.

The moves form part of an aggressive programme of expansion both domestically and overseas by the Banque Indosuez, which is controlled by the French state-owned financial group, Compagnie Financiere de Suez. Only two other banks have bought Hong Kong stock exchange seats — The Hongkong and Shanghai Banking Corporation, through its merchant banking arm, Wardley, and Britain's National Westminster Bank through its merchant bank, County Bank.

Indosuez also revealed that it has set up in Hong Kong a subsidiary for venture capital investment in East and South-east Asia. Called Suez Asia Development Capital, the company will start with an authorised capital of U.S.$10m. It aims to promote technology transfer—initially from France—by investing in joint-ventures between French companies and entrepreneurs from the Asian region.

Emphasis is to be put on Korea, China, Taiwan, Hong Kong, Malaysia and Singapore, with one deal already close to completion in Korea.

This expansion in Asia comes less than two weeks after news of a partnership with Sequoia, the California-based risk-capital company, to manage a venture capital fund capitalised et U.S.$30m that will invest in high technology companies in North America.

Saba climbs out of the red

By Our Stockholm Staff

J. S. SABA, the Swedish wholesale and retail trading group, lifted itself out of the red in the first eight months of 1984 following an extensive restructuring exercise and management shake-up. It forecasts that full-year results will climb by as much as 90 per cent to SKr 250m ($29m) following the traditionally strong Christmas shopping period.

Operating results after depreciation climbed by SKr 78m to SKr 96m. A drop in net financial costs of SKr 31m from SKr 82m, and an increase of SKr 31m in extraordinary gains from the SKr 4m last year brought the pre-tax result to SKr 49m, compared with the loss of SKr 94m in 1983.

Total turnover advanced by 9 per cent to SKr 11.8bn. Retail sales climbed 9 per cent to SKr 6.4bn (a 2 per cent decline in volume following a series of shutdowns and sales). Swedish retail volume as a whole fell by 0.5 per cent. Wholesale trading turnover climbed by 12 per cent to SKr 7.33bn.

● SODRA SKOGSAGARANA, the south Swedish forest products company, has benefited reports a surge in pre-tax profits for the first eight months from strong dollar-denominated pulp sales.

Pre-tax profit for the first eight months of 1984 increased five-fold from SKr 120m to SKr 677m ($78m). Sales rose 28 per cent to SKr 2.8bn while operating results after depreciation were more than double at SKr 786m.

Both the pulp and sawn timber markets levelled off during the autumn, but the group predicts that full-year operating results will reach about SKr 1bn.

Manufacturers Hanover regroups

BY PAUL TAYLOR IN NEW YORK

MANUFACTURERS Hanover, the New York-based banking group, is planning a major interoal reoganisation bringing together its factoring and commercial finance activities into a new group with assets of $2.2bn and 28 offices in 11 states.

The move follows the banking group's acquisition earlier this year of CIT Financial. The new unit, called CIT Factoring and Commercial Finance, will combine CIT's commercial finance business with three other operating units, Meinhard-Commercial, Manufacturers Hanover Commercial and William Iselin & Company.

Mr John McGillicuddy, chairman of Manufacturers Hanover said: "The move is a logical combinatioo of four units specialising in similar financing activities, strengthening the management function and providing for e better co-ordinated national marketing effort, while ensuring continuity of costomer contact."

The new group will be managed by Mr Francis Basile, chairman and chief executive, who will report to Mr Charles Wingfield, executive vice-president of CIT Financial.

Plans for Nordic stock market halted

PLANS FOR the creation of a Nordic stock market, which were put forward by the Scandinavian financial and business community, have been halted by Mr Kjell-Olof Feldt, the Swedish Finance Minister, writes Kevin Done in Stockholm.

"It is time to put a stop to discussions" on the freer movement of capital exclusively between the Nordic countries, said Mr Feldt.

Following discussions with M Jean-Claude Paye, the new secretary-general of the OECD (Organisation for Economic Co-operation and Development), Mr Feldt said it had been spelled out that a selective relaxation of controls limited to capital movements between the Nordic countries would not be acceptable to the other OECD countries.

The Swedish Government would instead consider whether a general easing of foreign exchange controls was possible. A report is expected from a government committee early next year.

Mr Feldt warned, however, that controls could not be abandoned all at once, as this "could set off a substantial uncontrolled flow of capital out of the country."

All of these securities having been sold, this announcement appears as a matter of record only.

$1,200,000,000

OXY Occidental Petroleum Corporation

1,200,000 Units

$1,200,000,000 9.65% Senior Subordinated Notes due 1994

(Interest payable April 15 and October 15)

with

6,000,000 Shares of Convertible Exchangeable Preferred Stock

Drexel Burnham Lambert
INCORPORATED

The First Boston Corporation

Donaldson, Lufkin & Jenrette
SECURITIES CORPORATION

Kidder, Peabody & Co.
INCORPORATED

Dean Witter Reynolds Inc.

October 1984

INTL. COMPANIES and FINANCE

Tiger Oats profits hit by higher tax rates

By Anthony Robinson in Johannesburg

HIGHER company tax rates were responsible for a 3 per cent fall in the after tax group profits of Tiger Oats, one of South Africa's leading food groups, to R73.9m ($40m) for the year ended September 30 from R78.3m in 1982-83. Turnover rose by 6 per cent to R2.05bn from R1.94bn.

Operating profit, however, declined by 2 per cent to R134.8m from R137.3m. Profits before tax at R121.7m were marginally higher than the R119.3m of the previous year. The tax bill was 12 per cent higher at R45.8m.

The company declared a 29 per cent higher dividend, of R180 per ordinary share against R140, on earnings per share 6 per cent higher at R568.

A cash injection of R163.9m arising from disposal of a 29 per cent interest in J. Bibby and Sons to Barlow Rand on October 1 "will have a favourable effect on the balance sheet and will enable the company to to take advantage of future expansion opportunities," the company said.

R40m exchange loss provision by Sentrachem

By Our Johannesburg Correspondent

THE NEGATIVE impact of a declining rand and higher interest rates on South Africa's most capital intensive industries has been underline by the decision of Sentrachem, the country's third largest chemicals group after Sasol and AECI, to make a provision of R40m ($21m) against foreign exchange losses for the financial year to June 1985.

The company's outstanding foreign currency loans amount to around $130m and it had already set aside R32.6m to cover exchange losses in the year ended June 1984. This was a major factor in the decline of pre-tax profits to R22m in 1983-84 from R74.4m in 1982-83.

Financial charges rose to R90.9m in 1983-84 from R36.8m

Yen's fall against dollar aids Nissan in first half

BY YOKO SHIBATA IN TOKYO

NISSAN, JAPAN'S second largest motor manufacturer, has reported a 15.7 per cent increase in parent company net profits for the six months ended September 30, from £35.9bn to Y41.6bn ($169m).

Pre-tax profits during the period rose more than twice as fast, increasing by 32.3 per cent from Y61.1bn to Y80.85bn, while sales climbed by a more modest 7.9 per cent to Y1,616bn from Y1,683bn. An unchanged interim dividend of Y7 a share will be paid.

Within this pattern of overall growth, however, vehicle sales both at home and abroad dropped appreciably, so that the gain in earnings appears largely to have been the result of a sharp increase in export profitability resulting from the yen's fall against the dollar during the period.

Total vehicle sales during the six months were down by 2.2 per cent to 1.2m units, with exports down 1.2 per cent and domestic sales down 3.4 per cent. Sales of knocked down units also declined by 1.4 per cent to 110,859.

Part of Nissan's improved financial performance, however, reflects the fact that a higher proportion of unit vehicle sales was made up by higher value cars such as the line of sports models sold in the U.S. market, and of components. In addition, non-vehicle products such as fork lift trucks and marine equipment, also showed strong growth, as did textile machinery and aerospace products.

Although first half pre-tax profits fell well short of the company's original target of Y90bn, causing revision of the full-year forecast downwards to Y150bn from Y160bn, Nissan is expecting a substantial recovery in domestic sales during the second half.

See Lex

German gas group sees advance

BY JOHN DAVIES IN DUSSELDORF

MESSER GRIESHEIM, the West German gases and welding company, expects to increase sales and profits this year, aided by strong growth in some major industrial gases market.

Worldwide sales revenue was up 8.9 per cent in the first nine months of this year at DM 1.3bn ($429m), with exports and production abroad accounting for a slightly increased 42 per cent of sales.

Dr Hans Messer, the chief executive, said sales this year should be well in excess of DM 1.7bn, compared with DM 1.6bn last year, while net profits should exceed last year's DM 40m.

Messer Griesheim, which is two-thirds owned by the Hoechst chemical concern and one-third by the Messer family, claims to have nearly 40 per cent ofthe West German industrial gases market, supplied partly by pipelines to steel, chemical and other plants, and about 13 per cent of the overall West European market. It also has gas operations in the U.S. and South Africa.

Dr Messer said economic recovery had stimulated industrial gases markets worldwide. The company had lifted sales of nitrogen and rare gases in West Germany, but sales of oxygen in cylinders were restrained by the structural problems of some industrial customers as wel as by the effects of the seven-week metalworkers' strike.

Cutting and welding equipment, whith makes up about 30 per cent of Messer Griesheim's sales in West Germany, would show a loss again this year, Dr Messer said, in view of the costs involved in restructuring measures. But some areas, such as resistance welding equipment, had performed well.

The group is investing DM 140m this year, including DM 25m to expand its major gas production plant at Oberhausen, and will maintain investment at the same level next year.

BAT's Indian offshoot maintains sales growth

BY P. C. MAHANTI IN CALCUTTA

ITC, the British American Tobacco offshoot in India, maintained its sales growth during the year ended last June, despite a marked recession in the cigarette market. Corporate turnover increased by an impressive 13.8 per cent to Rs 6.9 bn ($575m) compared with the annualised turnover of the previous 15-month period. The company's accounting year-end was changed to June from the usual March.

However, because of inflation and normal cost increases the pre-tax profit on an annualised basis fell to Rs 252.5m from Rs 278.7m. After tax, profit was also lower, at Rs 145.8m.

The company is worried that stiff doses of excise tax on cigarettes in 1982 and 1983 have adversely affected cigarette consumption and any further taxation will increase consumer resistance. If the excise burden is increased, this would not only affect the country's tobacco economy, which provides livelihoods to nearly 6m people directly and indirectly, but would also lead to the lowering of tobacco quality and affect tobacco exports. In fact exports have been hit during the past year.

The fact that the company has managed to maintain its sales volume in a falling cigarette market, and improved its market share, is the result of a substantial modernisation and quality development programme.

The payout for the year is 20 per cent, which represents an improvement of two points compared with the 22.2 per cent paid for the previous 15-month accounting period.

Union Shipping out of the red

By Dai Hayward in Wellington

NEW ZEALAND-BASED Union Shipping Group has reported after tax profits of NZ$5.7m (US$2.8m) for the year ended September, against a loss of NZ$5.9m in the previous year.

The turnround is attributed to the introduction of more fuel efficient ships, a management restructuring programme and increased cargoes through an improvement of trans-Tasman trade generated by the closer economic relations agreement.

The group, parent of the long-established Union Steamship Company, has fleets operating between New Zealand and Australia, in the coastal trade of both countries and in the bulk cargo trade.

Gross revenue rose by NZ$39m to NZ$268m.

A final dividend of 7.25 cents per share, making a total 13.5 cents, was announced.

JAPANESE RESULTS

DAICEL CHEMICAL INDUSTRIES
Organic Chemicals

Six months to	Sept 84 Y	Sept 83 Y
Revenues (bn)	83.62	80.55
Pre-tax profits (bn)	4.73	3.07
Net profits (bn)	2.69	1.81
Net per share	9.74	7.85
Dividend	2.5	2.5

PARENT COMPANY

HITACHI KOKI
Electric Tools

Six months to	Sept 84 Y	Sept 83 Y
Revenues (bn)	38.36	35.48
Pre-tax profits (bn)	3.88	3.1
Net profits (bn)	1.56	1.4
Net per share	17.85	16.
Dividend	4.5	4.5

PARENT COMPANY

HITACHI ZOSEN
Shipbuilding

Six months to	Sept 84 Y	Sept 83 Y
Revenues (bn)	146 97	142 a
Pre-tax profits (bn)	4.8	5.15
Net profits (bn)	2.2	3.01
Dividend	2.5	2.5

PARENT COMPANY

IWATSU ELECTRIC
Telecommunications Equipment

Six months to	Sept 84 Y	Sept 83 Y
Revenues (bn)	39.09	34.14
Pre-tax profits (bn)	4.52	4.5
Net profits (bn)	2.04	2.43
Net per share	20.38	26.85
Dividend	3.75	4

PARENT COMPANY

KAO
Detergents

Six months to	Sept 84 Y	Sept 83 Y
Revenues (bn)	179 4	161.12
Pre-tax profits (bn)	7.86	6.67
Net profits (bn)	3.62	3.27
Net per share	14.41	13.54
Dividend	3.75	3.75

PARENT COMPANY

TOYO SEIKAN
Beverage Containers

Six months to	Sept 84 Y	Sept 83 Y
Revenues (bn)	194 31	178.91
Pre-tax profits (bn)	17.25	12 13
Net profits (bn)	7.35	5.01
Net per share	44.86	30.56
Dividend	3.75	3.75

PARENT COMPANY

Normans plans to finance expansion with £5.5m rights

Normans Group intends to finance the current and planned expansion in its retail activities by way of a £5.5m rights issue, the proceeds of which will be used to reduce short term borrowings and fund "suitable growth opportunities as they arise."

During 1984, when the six months to September witnessed a 42 per cent rise in taxable profit to £1.06m, the company (formerly Singlo Group) embarked upon a number of new developments within its major division, discount food retailing. This was funded from retained earnings and bank borrowings, but the directors now consider it appropriate to raise long term capital.

One new £1 nominal unit of 8½ per cent convertible unsecured loan stock 1999-2004 will be issued at par for every six ordinary shares of 10p. Dealings are expected to commence on November 5.

The improvement at the mid-way stage was achieved on total turnover up from £30.51m to £38.46m. Other than discount food retailing, which produced the lion's share at £35.11m against £27.82m, tea in Malawi added £804,000 against £535,000 and other UK activities—mainly manufacturing and selling drinks and giftware — turned over £2.54m against £2.15m.

Group trading profits rose from £963,000 to £1.35m, with the bulk of the increases coming from tea, with its contribution trebled at £365,000. Auction prices were at a high level during the period and had considerable impact on the profitability of the Malawi estate. Food contributed £80,000 (£756,000) and other activities £109,000 (£87,000).

After a higher tax charge of £389,000, against £173,000, attributable profits came out at £666,000 (£568,000). The proposed 0.9p net interim dividend, to be declared as usual in January, compares with 0.8p last time, and will account for £283,000 (£241,000). Earnings per share are given as 2.13p against 1.89p.

The directors state that the company will continue its efforts to identify suitable opportunities in the retail field in southern England. A number of proposals are being evaluated, both to Normans' traditional retail warehouse business and in closely related retailing areas.

The rights issue has been underwritten by S. G. Warburg & Co. Brokers to the issue are de Zoete & Bevan.

Milletts Leisure confident despite adverse trading

Milletts Leisure Shops incurred a trading loss of £160,000, against a £200,000 profit, in the first half of the current year on turnover ahead by £1.34m to £10.04m, excluding VAT.

Mr Alan Millett, group chairman, says that there were adverse trading conditions, but he is confident that margins will improve, resulting in increased profitability for the enlarged group.

During the 26 weeks to end-July 1984, the Chelsea Boy shops traded profitably and new Milletts shops were opened at Perth, Cirencester and West Ealing, with re-sites at Lowestoft and Guildford. In addition, 53 Wakefield shops were acquired in August.

Milletts is engaged in multiple retailing of leisure wear, camping equipment, men's and boys' clothing and footwear, industrial clothing and sportswear.

The group's first half loss increased to £546,000, against £172,000 at the taxable level after depreciation, and interest payable £5,000 higher at £135,000 —there was a £9,000 share of losses (profit £5,000) from its related company.

An unchanged interim dividend of 2.95p has been declared. Last year's total payout was 6.95p when profits amounted to £431,000 pre-tax, on turnover of £20.06m.

Tax payable for the interim period amounted to £26,000 (£22,000) and there were minority debits of £16,000 (£9,000). Dividends will take £126,000 (same).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Sir Joseph Causton, Craig and Rose, Estates and Agency, Flight Refuelling.

Finals: British Empire Securities and General Trust, Town Centre Securities.

FUTURE DATES

Interims—

Applied Computer Techniques	Nov 5
British Investment Trust	Nov 8
Commercial Union	Nov 13
L.C.P.	Nov 14
Lep	Nov 15
Property Partnerships	Nov 23

Finals—

AE	Dec 13
Drayton Consolidated Trust	Nov 5
Scottish Cities Invest. Trust	Nov 8
Union Steel Corporation (of South Africa)	Nov 20

BANK RETURN

BANKING DEPARTMENT

	Wednesday October 31 1984	Increase (+) or Decrease (—) for week	
	£		£
Liabilities			
Capital	14,553,000		
Public Deposits	85,426,611	—	594,187,103
Bankers Deposits	604,012,277	—	106,055,535
Reserve and other Accounts	1,572,997,934	+	50,010,423
	2,246,990,010	—	650,172,216
Assets			
Government Securities	492,810,502	+	90,898,645
Advance & other Accounts	862,838,790	+	128,199,979
Premises Equipment & other Secs.	879,767,623	—	867,161,012
Notes	11,016,827	+	1,118,806
Coin	107,574	+	13,070
	2,246,990,010	—	650,172,218

ISSUE DEPARTMENT

	£		£
Liabilities			
Notes issued	12,040,000,000	+	20,000,000
In circulation	12,028,384,173	+	21,118,906
In Banking Department	11,615,827	—	1,118,906
Assets			
Government Debt	11,015,100		
Other Government Securities	1,110,092,606	—	108,117,558
Other Securities	10,919,092,294	+	128,117,558
	12,040,000,000	+	20,000,000

Carless may look to U.S. after Premier bid failure

BY DOMINIC LAWSON

Carless Capel & Leonard has failed in its £100m attempt to take over fellow oil exploration company Premier Consolidated Oilfields.

When the bid expired at 3.30 yesterday afternoon, it became clear that Carless had fallen well short of its target. It had received acceptances for only 17.8 per cent of Premier in respect of its offer. Of this 8.3 per cent had been accumulated by the American arbitrageur Mr Ivan Boesky, who voted in favour of the bid.

Carless had already picked up 14.9 per cent of the equity in a dawn raid on October 17, making a total of 32.7 per cent who voted in favour of the offer.

Mr John Leonard, the chairman of Carless, said yesterday that he was sad that he had been defeated, and "felt sorry for Premier's shareholders." After the news broke yesterday Premier's shares lost 4p to close at 60p, while Carless' share price leapt 17p to reach 195p.

Mr Leonard said that he would be holding a "council of war" to decide Carless' next move. He added that Carless would not change its policy of growth by acquisition, but that the next move may be in the U.S.

The chairman of Premier, Mr Roland Shaw, claimed yesterday that institutions, small shareholders, and the press had recognised that there was no logic in a takeover of Premier by Carless. Mr Shaw said "the ghost of Halloween has now passed and we have a bright future."

Carless and Premier are partners in the Wytch Farm oilfield, the largest onshore oilfield in Europe. Br Mr Shaw insisted that the fight between the two companies would not prevent a good working relationship on the Wytch Farm project.

There was elation at Schroder Wagg, the merchant bankers which had been engaged by Premier to defend against the bid. Schroder said yesterday that this represented its third successful bid defence this year.

Yesterday Schroder bought 1.5m shares of Premier in the market, to shore up the price of the intended victim. Schroder now has a 1 per cent stake in Premier.

It is not clear what the future is for the Carless and Boesky stakes remaining in Premier, at 14.9 per cent and 8.3 per cent respectively.

Carless launched its bid on August 21 with an all-paper offer of one of its shares for every three held in Premier. On October 17 it revised the offer to one Carless share and £1 nominal of 6 per cent convertible loan stock (1996-2001) for every four Premier shares.

Gregory plans Glanfield takeover

Gregory Securities, headed by Mr Jim Gregory, chairman of *Queens Park Rangers, first division* football club is planning a new takeover bid for Glanfield Lawrence, motor distributor and engineering group.

The move follows a ruling by the Panel on Takeovers and Mergers that Gregory Securities would have to offer for sale a 29 per cent holding in Glanfield which it bought from a concert party based on Bajau, a company connected with Mr Christopher Selmes.

Gregory built up a 42.5 per cent stake in Glanfield in August, breaching the rule in the Takeover code which bars a person buying shares that takes his or her holding to 30 per cent or more of a company's equity if that person has bought any shares in the preceding seven days.

Gregory now plans:

- to tender at 51.5p per share for the 29 per cent of the shares which it has made available in the market for purchase at a minimum price of 44.625p per share;
- Gregory holds 13.4 per cent of the shares in Glanfield and if its tender for the 1.54m shares which it is seeking to acquire is successful it will make an offer for the outstanding shares in Glanfield of 55p per share in accordance with the rules of Takeover code to acquire the remaining 57.6 per cent of Glanfield.

The offer of 55p per share values the Glanfield group at £2.9m.

Gregory went on the attack yesterday in its fight for control of Glanfield. It pointed out that the board of Glanfield had confirmed that it was not now expected to achieve its forecast of profits before tax for the year ending December 31 1984 of not less than £250,000. It said that Glanfield had failed to give any *specific indication of the amount* by which its profits would fall short of the original forecast. Moreover, said Gregory, there had been no indication on whether the Glanfield dividend forecast would be met.

Gregory's 29 per cent shareholding remains on the market until 3.30 today and if another buyer is to be successful it will have to top Gregory's 51.5p-per-share offer for the stake.

Members back Akroyd's proposals

Shareholders of Akroyd & Smithers, one of the largest stockjobbers at the Stock Exchange, have approved arrangements which will allow outside shareholdings to exceed more than 29.9 per cent in the company once SE rules permit.

Approval was given at an EGM, which was called as part of the planned merger between Mercury Securities, Akroyd & Smithers, Rowe and Pitman and Mullens.

Prospective entitlements in planned merger arrangement were also revealed. Under the terms of the offer by Newco (1984), the newly created master company for the merged securities group, Akroyd's ordinary shareholders choosing to exchange their stock for 5 per cent convertible preference shares in the new holding company will be satisfied in full.

Those electing for ordinary shares will receive 99.02 per cent of their entitlement in the form of ordinary shares and 0.98 per cent in convertible preference shares.

At yesterday's meeting, Mr Brian Peppiatt, one of the joint chairmen of Akroyd, said the offer had been received in respect of 94.7 per cent of the shares.

BET expanding in U.S.

BY ALEXANDER NICOLL

British Electric Traction, the construction, transport and laundries group, is paying *U.S.$16m (£13.3m) to expand its* specialist road transport operations in the U.S.

BET's transport subsidiary, United Transport International, has agreed to buy a Houston, Texas-based road tanker company, Distribution Systems (DSI).

DSI is a bulk carrier of chemicals, mainly for the petrochemical and foods industries. It has 300 tractors and 400 trailers operating from 12 bases in the mid-South and south-western states.

The purchase is UTI's second in the U.S. Two years ago it bought a Florida tanker company, Indian River Transport which *specialises in carrying* fruit juice. UTI, which with £350m annual turnover accounts for about a third of the BET total, is seeking a greater geographical spread after building up a strong presence in several African countries. BET itself *is also seeking a greater* U.S. presence.

DSI is being sold for cash by its directors, including Mr Tr Gaylord who has 75 per cent and will remain chief executive. It is expected to earn about $3.5m before tax in 1984 on turnover of $53m.

Thorn EMI shares up another 29p

The share price of Thorn EMI, the electronics group, rose sharply yesterday for the second time in three days, but the company insisted that it knew no reason for the increase.

Thorn's shares have fallen this year from a high, adjusted for share issues, of 643p to a low of 375p, after abortive merger discussions with British Aerospace and a rights issue to finance the purchase of Inmos, the microchip manufacturer.

Yesterday, they rose 29p to 482p, making a 52p rise in three days. The latest close values the company at £1.03bn.

Market speculation centred on U.S. interest in the shares though no evidence emerged to substantiate this. RCA of the U.S., rumoured as a possible buyer, said: "Our policy is not to comment on any acquisition."

● General Electric Company, in line with its normal policy yesterday declined to comment on rumours that it had disposed of its stake in Distillers—last recorded at 3 per cent. The rumours lifted Distillers shares in late trading, to close up 5p at 288p. GEC rose 4p to 226p.

MINING NEWS

RTZ tin deal with Charter

BY KENNETH MARSTON, MINING EDITOR

Rio Tinto-Zinc Corporation's UK subsidiary, RTZ Metals, has agreed in principle to buy out the 60 per cent stake in the Cornish tin set-up, Wheal Crofty Holdings, held by its partner in the venture, London's Charter Consolidated. RTZ is to pay some £8.5m plus a loan repayment of £930,000.

Wheal Crofty owns four subsidiary tin companies in Cornwall, the main operations being the major South Crofty tin mine near Redruth and, to the west of Truro, the younger Wheal Jane property which was originally owned by Consolidated Gold Fields.

Last year South Crofty was in a loss-making situation but it is now profitable, as is Wheal Jane, although neither could be described as being a moneyspinner at current tin prices.

But Cornwall's tin mines have the advantage that they are not subject to the price-supporting sales restrictions imposed by the International Tin Council because the UK is rated as a tin consumer member, as opposed to a producer, of the International Tin Agreement.

From Charter's point of view, the deal is welcome because of the poor return on capital obtained from the original purchase for £7.8m in 1982 of the 60 per cent stake in the South Crofty mine. And while Crofty is regarded by some as having the best tin orebody in the UK, Charter does not feel that it is in a position to take a long-term view of the potential rewards.

On the other hand, RTZ is prepared to do this, especially as the full acquisition will fit in with the group's existing 19.6 per cent interest in the veteran Geevor tin mine at Pendeen.

Another important consideration is that full ownership of South Crofty and Wheal Jane will ensure a continued supply of tin concentrates to the RTZ Capper Pass smelter on Humberside.

Gold price fall depresses Homestake

UNLIKE ITS non-U.S. counterparts, which profit on the exchange rates when they convert dollar gold sales into lower-valued domestic currencies, America's veteran gold producer, Homestake Mining, is feeling the pinch of lower dollar prices for its gold and silver production.

Net income for the third quarter of this year amounts to $9.9m, making a total for the first nine months of $27 (£22m), or 55 cents per share, compared with $45m in the same period of 1983.

Apart from lower prices for the precious metals, the decrease in this year's earnings reflects $6m expenses arising from the $400m take-over of the New York-based Felmoot Oil.

A year ago there was a $3.5m after-tax writedown of Homestake's investment in the Pitch uranium mine in Colorado which suffered a pitwall collapse.

The 15 per cent decrease in the U.S. price of gold this year has weighed heavily on the old Homestake mine in the Black Hills of South Dakota—discovered back in 1874 by General Custer's men—where earnings have fallen by two-thirds.

Homestake's 48 per cent stake of operating profits from the Australian Kalgoorlie Mining Associates operations has dropped to $9m this year from $14.5m in the same period of 1983.

But the U.S. oil and gas earnings have been maintained at $24.8m and revenue from lead and zinc operations has nearly doubled to $27.2m thanks to higher lead prices, despite the continuing strike that began on June 1.

Temora estimate delayed

THE ANTICIPATED ore reserve figure for the promising Temora gold prospect in New South Wales was absent from the September quarterly report from Seltrust Holdings.

Previously it was stated that the objective for the September quarter was to estimate the tonnage and grade of mineralisation.

Seltrust, a 75 per cent-owned Australian subsidiary of British Petroleum, says the drilling has been hampered by rain. Despite this work has continued on the delineation of the total resource and, in particular, on the definition of an ore reserve to support an open-pit mining operation.

The awaited ore reserve estimate is likely to be announced with the pending details of the proposed restructuring plan for Seltrust. If so, this would have a bearing on the choice facing its public shareholders.

Shareholders can either opt for cash or a share package in a new company containing Seltrust's major gold interests.

BP would then be left as full owner of the loss-making Seltrust, retaining its non-gold interests.

Currys vigorously rebuts Dixons

Currys has launched a vigorously worded rebuttal to Dixons' £118m cash and equity bid branding the offer as "hopelessly inadequate."

The defence rests on three main planks — its "growth orientated electrical retailing — a well-managed and high quality property portfolio" and a new strategy which envisages a 40 per cent increase in High Street selling space over the next two years. Currys claims Dixons is trying to buy its retail profit and its properties on the basis of "two for the price of one."

With the defence document comes estimated profits for the nine months to October 24, the new year end. Including profits on sale of properties of £2.7m the pre-tax figure comes out at £18.4m. A month ago when reporting a setback in profits for the six months to July 25 of £8.49m against £9.36m, the chairman had *forecast* "creditable results" for this, the centenary year.

Taking the last twelve months profits are shown at £29.5m against £17.7m for the period to October 1983.

Turning to the property portfolio of Currys, Mr Terry Curry, joint managing director, said yesterday that a property revaluation was due to be completed in two or three weeks' time which should produce a book worth significantly in excess of the directors' valuation of £105.9m last January—equal to 227p per share.

Currys rounds off its defence by suggesting that its own retailing profit deserves a premium to Dixons, but applying the same multiple as the bidder's it believes its retailing business to be worth significantly more than 393p excluding any premium for control. Adding in the property value of 227p, Currys argues, gives a value per share of more than 620p against an offer of 403p.

In the Dixons camp yesterday's document was labelled as "double muddle" by adding property assets on top of a notional earnings multiple "without giving any hard facts on a forecast for the coming year or a property revaluation."

In the market Curry's price rose 12p to 424p — 21p over the bid price — and Dixons climbed 11p to 331p.

Francis share deals halted

BY ALEXANDER NICOLL

A TRADING halt in the shares of Francis Industries, the gearbox components and metal containers manufacturer, yesterday raised doubts about whether an £18.5m bid from Suter would proceed on the terms agreed less than a month ago.

Francis asked the Stock Exchange for a suspension shortly after dealings began yesterday, with the shares standing at 151p. The request was made pending an announcement, but no further statement was made yesterday.

Suter, the air conditioning and hairdressing equipment group chaired by Mr David Abell, accumulated a 42.9 per cent stake in Francis through a bid which failed in May. Talks between the two then led to agreement on a new Suter bid, announced on October 4. But no formal offer document has yet emerged.

Under the announced terms, Suter is offering five of its own shares for four Francis shares, with an alternative of 150p in cash per Francis share. With Suter shares closing yesterday at 129p, unchanged, the equity offer values Francis shares at 161p.

Suter, however, is believed to be concerned about latest indications on Francis' likely earnings in 1984.

Francis, in its defence against the first Suter bid, forecast 1984 pre-tax profits of £2.2m, excluding any profits from newly-acquired Sbemtec, a paint tin manufacturer, which forecast an annualised profit of £170,000 at the time of its purchase in February.

Deutsche Bank may take a stake in Morgan Grenfell

BY JOHN DAVIES IN FRANKFURT AND DAVID LASCELLES

Deutsche Bank and Morgan Grenfell declined to comment yesterday on reports that Deutsche Bank was planning a 5 per cent stake in the London merchant bank.

But an announcement could come as soon as next week and both institutions have indicated that, at least in theory, such a deal would suit them.

Morgan Grenfell, one of the UK's most highly regarded merchant banks, will want fresh capital to finance its ambitions to become a leading securities and gilts dealing house as well.

In recent months it has agreed to buy Pinchin Denny, the jobbing firm, and Pember & Boyle, the gilts brokers, which will need a heavy injection of funds to get a good start in the new-style gilts market.

Morgan is one of the few large merchant banks still in private hands. Last May the board stated that it was seriously considering going public to raise more capital. The bank is currently worth some £220m, so Deutsche Bank would be contributing about £11m were it to buy a 5 per cent stake.

However, Morgan stresses that it can generate whatever capital it needs to remain independent, and has not been seeking out new investors. On the other hand, it is not turning them away either if they meet its criteria of financial soundness and compatibility.

Foreign ownership carries the danger that Morgan might be asked to leave the prestigious Accepting Houses Committee, whose members are supposed to be British-owned. But a foreign stake could rise well above 5 per cent without causing trouble. Morgan was itself 33 per cent-owned by Morgan Guaranty of New York until four years ago.

With such a link-up, Deutsche Bank could hope to benefit from Morgan's established merchant banking connections and gain access to future UK government bond market business.

At present Deutsche Bank's international capital market activities are directed largely from its Frankfurt headquarters.

If the deal materialises, it could mark the beginning of a second wave of City takeovers: the first involving banks like Morgan assembling the elements of a securities operation, and the second seeing outsiders buying into ready-made groups.

UK COMPANY NEWS

Coates Bros. jumps 48% and sets £11.5m target

WITH first-half profits up by £1.9m Coates Brothers, printing ink manufacturer, has set a target of some £11.5m for 1984 as a whole. This would be an improvement of £2.4m over the reported figures for the preceding 12 months.

Mr John Youngman, who was appointed chairman of the group in January of this year, tells shareholders in his interim report that buoyant demand in the UK is currently being maintained and trading overseas continues to be generally satisfactory.

He expects profits for the second half of 1984 to match the £5.72m pre-tax achieved in the opening six months.

The interim dividend is being stepped up by 0.4p to 1.4p net per 25p share.

Mr Youngman says, however, that while the half yearly figures justify some increase in the payout it should not be assumed that a corresponding increase in the final dividend will be recommended since the directors have taken account of the past imbalance between the two payments in deciding the rate of the interim dividend.

Turnover for the period under review expanded from £66.4m to £84.53m—besides its printing ink interests the group is engaged in the manufacture of printers' supplies, lithographic plates and chemicals, synthetic resins, reprographic toners and industrial surface coatings.

Tax took £2.69m, against a previous £2.05m, but minority interests accounted for only £24,000, compared with £170,000.

Earnings came through 3.36p ahead at 7.43p per share.

A breakdown of pre-tax profits by principal activities shows: printing inks and related supplies £4.5m (£3.44m) and synthetic resins and other products £1.22m (£422,000).

A breakdown of the figures by geographical analysis shows: UK and Europe £3.17m (£1.44m), Africa £808,000 (£1.4m), Australia £574,000 (£422,000), Asia £549,000 (£329,000) and U.S. and Caribbean £615,000 (£282,000).

Group pre-tax profits for 1983 rose from £8.86m to £9.01m on the back of a £17m rise in turnover to £139.93m. The final dividend was 2.8p.

• comment

The market was caught entirely on the wrong foot by these excellent figures—the price shot up 14p to 112p—but can take comfort from the fact that Coates is now learning the virtues of fuller disclosure. Better—or less dreadful — conditions in the printing and packaging industries have done wonders for the UK profits performance, which is now close to its 1979 high. And though trading is still awful in South Africa and black Africa, expansion in the U.S. looks to have been a well-timed compensation move. Further U.S. acquisitions are being contemplated, but here as elsewhere the non-voting shares are a sad obstacle. With gearing now around 35 per cent, the best hope is that a good acquisition prospect can be sold to the family shareholders as a reason for enfranchisement. It does seem, though, that the group is moving off its plateau, with full year profits headed for a new record of at least £11.5m. This puts the shares on a prospective multiple of only 7.3, which for a well-spread company should be an interesting proposition.

Martonair pays 1p more on £1m rise

WITH second-half profits up by some £777,000 compared with the corresponding period of the previous year Martonair International saw its figures for the 12 months to July 31 1984, rise by £984,000 to £5.25m pre-tax.

Group chairman Mr R. C. Cartwright says in his preliminary statement that the improved trend in activity which was becoming apparent at the time of the publication of the interim results continued quite strongly in recent months and results in a useful increase in turnover and an improvement in margins.

He adds that the current year has started well with group turnover at a higher level than for the comparable period of 1982-83.

Earnings for the year under review rose by 4p to 23p per 20p share and a final dividend of 7.5p (6.55p) lifts the net total from 8.5p to 9.5p.

Turnover improved from £41.69m to £47.96m with the UK take (29.1 per cent of the total) ahead at £13.9m, compared with £11.8m—the group manufactures pneumatic control equipment.

Operating costs accounted for £42.59m (£37.24m) and net interest charges £121,000 (£190,000).

Tax took £465,000 more at £2.23m to leave the net surplus £519,000 ahead at £3.02m.

Retained profits emerged at £1.78m (£1.39m) after deducting dividend payments of £1.24m (£1.11m).

Allowing for current cost adjustments pre-tax profits totalled £3.83m (£2.83m). On the same basis earnings per share amounted to 12.3p (8.3p).

• comment

After three dull years Martonair's prospects are looking up. These preliminary results—profits are 23 per cent higher—are usefully better than the market expected and the shares responded with an 18p rise to 288p. The short explanation is simply one of rising demand for pneumatic control equipment from the capital goods sector, which is showing hopeful signs of recovery. Underlying volume sales accelerated in the final quarter to give a near-enough 10 per cent increase for the year, thanks to the UK, Germany and to a lesser extent Denmark. A relatively short order book makes it difficult to see too far ahead but the fact that this increased activity has continued into the first quarter makes a full recovery to £6.1m pre-tax look very possible this year. With tax taking 40 per cent, the shares are selling on a prospective multiple of just over 9, which looks fair enough given the group's somewhat staid profits record, even in times of plenty. At the bottom line Martonair holds a predominant market share in high quality products and—it has been argued—might well do better under the wing of a larger group. The attractions are a modest cost base and the fact that it is not capital intensive.

H. Boot margins remain squeezed

Henry Boot and Sons has restructured its building and civil engineering operations in the UK into three geographically orientated companies, each of which will be responsible for all construction undertaken in their respective areas.

Mr E. H. Boot, group chairman, says that in both building and civil engineering profit margins continue to be tight, and he warns that there is "no real sign" of an improvement in workload.

Each of the three companies, covering Scotland and the north and south of England, will have the capacity to deal with a full range of contract types and offer a "full and flexible service."

Implementation of this structure, which leaves Henry Boot Scotland unaffected, will, says the chairman, introduce a greater concentration of operational strength in the south of England.

Mr Boot also reports that over the first six months of this year group profits before tax advanced from £255,000 to £497,000, giving, he adds, modest encouragement for the full year.

In calendar 1983, contrary to the company's expectations, profits fell slightly from £2.19m to £2.15m.

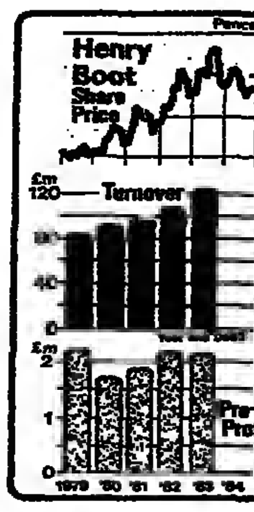
This year's interim result was achieved on higher turnover of £65.52m, against £52.54m. But the chairman points out that the lack of upturn in the home economy still leaves the construction industry short on turnover with intense competition for new work keeping profit margins "very narrow."

Railway engineering and housebuilding companies, however, continue to show growth, and ongoing deployment of funds into the company's investment property portfolio and growth in development activity continues to give satisfaction.

Overseas, work in the Far East is expanding and continues to generate confidence in spite of the recent political uncertainty. However, the company says that the Saudi Arabian contract is still far from satisfactory.

Shareholders will receive an unchanged interim dividend of 3p net. Stated earnings per share were 6.8p (4.7p).

There was a tax charge of £140,000 and minority credits of £14,000 this time, leaving the attributable balance at £371,000 compared with £255,000.



• comment

At first sight Boot's 298p share price, selling as it does on a 45 per cent discount to some high quality assets and an uninspiring trading backdrop, presents the classic takeover opportunity. Over recent years there have been several interested parties. Indeed, the share price has shot up on at least one occasion recently when it became known that a potential bidder was talking with one of the numerous family holders who between them speak for just over half the equity. But the stumbling block has always been family solidarity favouring an independent old-fashioned approach to an extremely tough environment. Some modern thinking is exhibited by the decision to restructure the hard-hit UK civil engineering and construction activities but this will be doing little more than cut costs for the immediate future. Without any underlying solution to competition and lack of orders, there has to be heavy reliance on property development, railway engineering, overseas contracting and the joinery operations, all of which—fortunately—are making some small headway. If this trend continues in the second half Boot should be able to pitch in £3m for the year. Taking a line through the interim tax charge the prospective p/e is 7.2, which looks to adequetely reflect the company's trading prospects.

Brikat beats projections to reach £0.7m

Brikat Group has beaten both the taxable profit and dividend levels forecast at the time of its USM placing last May, with retail activity and dealer trading increasing "dramatically" in the second half of the year to July 31 1984.

The profit for the 12-month period was £726,000 compared with a restated £162,000 last year and a placing projection of not less than £625,000. The first ever dividend is 0.75p net per 5p share, 50 per cent up on the forecast.

Turnover rose sharply from £1.85m to £3.55m. The directors say that the results reflect a growth rate of over 40 per cent annum in the business accounting software market in the UK, and an improvement of 50 per cent in its market share. Brikat also distributes and maintains micro-computer systems

Much of the group's growth rate was due to the success of the subsidiary Pegasus, which increased its penetration of the UK accounting software market by 50 per cent and which is to be distributed here by IBM. The company intends to capitalise on what is currently one of the fastest growing industries—providing business accounting systems for use in micro-computers.

The company has established sales outlets for its Pegasus accounting software packages in the U.S. and South Africa and has negotiated distribution agencies in other parts of the world.

There was a tax charge of £370,000 (credit £5,000) for the year, and an extraordinary debit of £41,000 (£17,000) being a deferred tax provision.

Earnings per share are quoted as 8.6p (4.2p).

• comment

Brikat's more than four-fold expansion in taxable profits brought it 16 per cent ahead of an ambitious prospectus forecast, and combined with the news of an IBM link-up for Pegasus accounting software, was enough to lift shares by 23p to a new high of 183p. The group is not saying how much the IBM deal will be worth, however, its impact should be substantial, even if Brikat's own sales to IBM users suffer as a result. With a 20 per cent share of a fragmented UK market, Brikat clearly has plenty to go for. The U.S. operation, which is expected to make a small profit this year, looks set to become the next big growth area. Osprey has so far funded its own development and is tentatively aiming for a 1 per cent share of the U.S. market — double Pegasus's UK sales—but could pull out at minimal cost if the plan failed. Meanwhile, the quality of earnings is improving, with Days and HB Computers advancing to take up 10 per cent of group profits, leaving the rest to Pegasus. Brikat looks capable of £1m pre-tax at the very latest this year, which puts the shares on a multiple of over 15 after a 45 per cent tax charge.

Growth fund aims at UK expatriates

By Eric Short

Continental Life Insurance, the UK life company subsidiary of the Continental Corporation of New York, has entered the offshore savings market with the establishment in Guernsey of Continental Life (International).

Its first products, launched yesterday—a U.S. Dollar Managed Growth Fund—is the first of a range of products being launched over the coming months aimed at UK expatriates and other nationals working or living outside their home country, and thus in a position to benefit from tax-exempt investment.

The products range will include a Sterling Managed Growth Fund, a regular savings plan and a Universal Life plan.

Offshore life contracts have recently been affected by an adverse change in rules by the Inland Revenue. But the company still feels hat life contracts offer plenty of scope for tax efficient savings to the expatriate market—a market that has not been fully tapped. However considerable more planning is involved to get maximum tax efficiency.

Simon Engineering

The new ordinary shares created in the one-for-one scrip issue by Simon Engineering will not be entitled to the 5p interim dividend payable on December 31 1984. Because of an agency error, yesterday's edition incorrectly stated that the new shares would be entitled.

IBS cuts loss at midway and sees trend to profit

HAVING REPORTED deepening losses in each year since its arrival on the USM in February 1982, Immediate Business Systems has reduced the taxable deficit by nearly £400,000 in the half year to September 30, 1984. The directors state that they are very encouraged by the "real progress" now being made, and they view the future with optimism.

The interim loss was £645,000 against a comparable £1.23m, with the company — a designer, manufacturer and marketer of computer systems — reporting profitable trading in September for the first time ever.

Based on orders already contracted, the current half will see a further substantial increase in sales — up from £294,000 to £1.7m in the period under review — and a continuation of the trend to profit, although shareholders should not expect one for the full year.

The trading loss was much lower at £601,000 against £1.03m. The directors comment that all areas of the group's business are progressing satisfactorily, and the introduction of Epson portable computers has increased market visibility.

The taxable result was struck after allowance of £244,000 (£203,000) for the depreciation of fixed assets and amortisation of patents. Once again there was no tax charge for the period, in which the stated loss per share fell from 18p to 6p.

Last July talks were in progress with an un-named party which the directors thought might have led to an offer being made for the company. An offer was received, but at a price which in the directors' opinion did not reflect either the group's prospects or the improving trading performance. The company therefore did not give a recommendation and terminated negotiations.

Mr G. Wylie has been appointed managing director, Mr A. Senior appointed to the board, and Mr A. Adler invited to join the board as a non-executive director.

• comment

Winning orders from public utilities in any country is a painstakingly slow business, especially when new technologies are involved. So it is not surprising that Immediate Business Systems' progress is accordingly snail-like. At least it is moving in the right direction, and a recent clutch of orders from the South West Electricity Board and two North American utilities should lift full-year sales to around £5.5m. At that level, IBS should be profitable before amortization and depreciation charges, which in any case are expected to tail off in the following year. At the pre-tax level, a loss of perhaps £250,000 looks on the cards, as against a 1983 deficit of £1.23m. A takeover might have helped IBS get into the black more quickly, but the fact that the directors felt confident enough to send the bidder packing does indicate that profits cannot be too far away. The market, however, has yet to be convinced. The shares dropped 2p to 30p, a 25 per cent discount to the March rights issue price.

Gabicci share placing

Gabicci, a designer, importer and supplier of medium priced casual menswear, is coming to the USM under the guidance of Hill Samuel and stockbrokers Capel-Cure Myers with a £4.58m market capitalisation.

Jack Sofier and *Alex Pyser* founded the business in 1973 and, by building up a reputation for good design and reliable supply, have a long list of well known High Street clothing retailers taking their garments, including Allders, Selfridges, Owen Owen, and Hornes, where it operates a number of concessions.

Gabicci's principal products are its range of casual and classical knitwear and the *half-sleeve* jersey shirt. By presenting its collection six months prior to delivery, the company achieves forward selling of around 90 per cent of its stock. This facilitates a tight computerised stock control system.

The company does not manufacture its goods but obtains them from various places including Portugal and Italy.

Turnover has increased steadily from £1.2m in 1980 to £5m to 1984 to June 19. Pre-tax profits which were £69,000 in 1980 have grown faster in the last year due to improvements in financial controls. They more than doubled to £553,000 in the last year, and the company forecasts pre-tax *profits of* not less than £700,000 for the current year.

Hill Samuel are placing 1.3m shares, 23.3 per cent of the equity, at 78p per share to give a prospective p/e of 11.2 times and yield of 5.1 per cent. Just over £1m is being raised of which £318,000 will go to the company for additional working capital.

Dealings are expected to begin on Thursday November 8.

Instem heads for USM

Citicorp International Bank of the U.S. will become the first foreign bank to arrange a flotation on the London stock market when dealings open on the USM next Thursday in the shares of Instem, an electronics group.

Citicorp in sponsoring a placing of 1,273,599 Instem shares, 28.3 per cent of the total, at 145p each, valuing the company at £6.52m.

The placing includes 344,828 new shares to raise £325,000 after expenses for the company, with the balance being sold by the directors, management, and Citicorp, which is reducing its stake in Instem from 25.6 per cent to just under 5 per cent.

Instem specialises in the application of mini and micro computers to real-time systems for data acquisition, monitoring and control in scientific and industrial markets. Based in *Staffordshire*, the group was founded in 1969 and was sold seven years later to Kratos, a Californian instrumentation and measuring equipment company.

Mr David Gare, the chairman, organised a management buy-out from Kratos in February 1983 with the backing of Citicorp and Dobson Park, a supplier of mining and engineering products.

Dobson Park is one of Instem's major clients, acquiring roughly 20 per cent of the group's annual sales. It is also the largest shareholder, and will be increasing its stake in Instem from almost 30 per cent to 37.5 per cent.

Mr Graham Edwards, Dobson Park's finance director and a member of Instem's board, said the holding was a long-term investment

Instem's taxable profits fluctuate in the four years before the management buy-out *from* £118,000 *in the 12 months* to December 1979 to £39,000 in 1982. Profits recovered to £271,000 last year

The directors are forecasting more than doubled taxable profits of £615,000 in the current year, which puts the placing price on a prospective multiple of 18 after a 45 per cent tax rate. The forecast net dividend of 0.5p—which is 16 times covered by earnings—gives a prospective yield of 1.48 per cent.

Grampian TV expansion

Grampian Television is close to taking *its first steps into* the field of direct broadcasting via satellite (DBS) which, along with its interest in cable will require "substantial investment."

On top of this, the company *anticipates spending about £7m* over the next six years on buildings and equipment. These requirements will be financed from internal resources.

Grampian's profits over the six months to end-August 1984 more than doubled from £222,000 to £506,000 pre-tax, and Mr I. M. Tennant, chairman, says that the immediate future looks promising with the 12-month outcome anticipated to exceed last year's £1.18m.

Shareholders are set to receive a higher interim dividend of 1.3p against 1.2p. In the last full year a total of 4.5p was paid

The interim result, achieved on turnover of £7.09m (£5.97m), was struck after a £9,000 exchequer levy this time and was subject to tax of £273,000 (£91,000).

Grampian is the television contractor to the IBA for the north of Scotland. Its new Inverness studio is now fully operational, enabling expansion of current affairs service to viewers from the northern and western parts of its transmission area.

Estimates have been approved for the replacement of its outside broadcast unit as well as expenditure for the replacement of mobile electronic news gathering cameras and recorders.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Airflow Streamlines int	0.25	Jan 3	0.25	—	1
Berry Trust	1	Dec 14	0.95*	—	0.95*
Henry Boot int	3	Nov 15	3	—	14.5
Brikat‡	0.75	—	—	0.75	—
Coates Bros int	1.4	Dec 28	1	—	3.8
Dualvest int	4.73	Nov 30	4.11	—	8.48
Fleming Far East int	0.5	—	0.5	—	2
Fundinvest	3.04	Nov 30	2.71	5.11	4.69
Grampian TV int	1.3	Jan 17	1.2	—	4.5
Martonair	7.5	—	6.55	9.5	8.5
Milletts Leisure int	2.95	Dec 13	2.95	—	6.95
Normans int	0.9¶	March 1	0.8	—	1.55
J. Smart & Co.	2.85	Dec 17	2.85	3.95	3.95
Wemyss	13	Jan 7	13	20	20

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. ¶ To be declared next January.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Ladbroke shares the spoils

LADBROKE GROUP this week moved decisively—and expensively—to reflect the powerful contribution being made to its rapidly expanding American property empire by Kurt Kilstock.

Kilstock, the former consulting engineer-turned property developer who, two years ago, moved to New York to mastermind the group's U.S. real estate activities, has picked up a handsome payrise and a considerably bigger share of some not inconsiderable action.

Originally lured from Leeds by the prospect of a successful working partnership with Cyril Stein, chairman and managing director of Ladbroke, Kilstock emerged in the front rank of the UK development industry and has now quickly made his mark on Manhattan.

Under revised joint venture partnership arrangements designed to underline Kilstock's immense valne to the group, Ladbroke is handing over some of its equity interests at the smaller end of its U.S. development programme:. On any projects under $25m—likely to account for up to one-third of future development activity in the U.S.—Kilstock's effective interest will rise from 28 per cent to 35 per cent. On larger developments, almost certainly any major downturn projects, the 28 per cent-72 per cent split will be maintained.

As president and chief executive officer of London & Leeds Corporation, Kilstock has a service agreement which runs until 1987 and, as part of the newly-negotiated package which is clearly aimed at keeping him in the Ladbroke camp, his annual salary has been pushed up to $375,000—making him the highest paid Ladbroke director by a mile. His starting salary in the U.S. was $165,000 a year.

Kilstock, who also stands to pick up a $200,000 bonus if work on the new Wall Street building for Barclays Bank International is finished on schedule, says simply: "This is the city where service is rewarded on a different scale."

He reckons his salary is "terribly modest" by American standards and implies he knows a dozen real estate executives in Manhattan whose pay makes his look like loose change.

Among the lastest projects on Kilstock'a desk is a 120,000 sq ft office refurbishment alongside the 640,000 sq ft Barclays building on Wall Street. The modernisation project will be the first on which Kilstock's participation is raised and the project is likely to have an all-up cost of around $21.5m. He will also take advantage of the new equity arrangements on a 110,000 sq ft office building in Coral Gables, Florida, due for completion next summer.

Kilstock, who says he has decided to stay in America permanently, is looking for other projects to maintain the momentum. He does not, however, intend to look at markets "more than a shuttle ride away" and says he is "very close" to a deal in Boston. Washington could then be next on the list.

There seems no question that Ladbroke's decision to tackle the American property market —by establishing its own resident experts on the spot—is going to pay big dividends. Last year, all property operationa made an £8.4m contribution to group pre-tax profits of £41.4m. Earnings from property are expected to show a further rise this year and the contribution from U.S. real estate operations should now begin to climb. For the time heing, all Kilstock will say is that the American activities will provide a "very significant" source of profits from now on.

But why is he maintaining his links with Ladbroke, when be is clearly in his element and arguably more use to them than they are to him? Having just sold his minority interests in London and Leeds Investments, the original holding company in the UK property division which be jointly formed with Ladbroke in 1972, Kilstock would have a useful £2.26m in his back pocket to help him on his way, if be wished to set out on his own.

"I bave a aervice agreement which runa until 1987 and I stick by agreements. I also happen to get on very well with Ladbroke and I think we both benefit from the partnership arrangements. When 1987 arrives, we will all have to see what bappens next. Until then, we have a lot to do."

Rumasa headquarters fetch record price

MUTUA Madrilena Automovilista, one of Spain's largest insurance groups, has paid £16m for the Madrid headquarters building of Rumasa, the Spanish holding group whose assets were seized last year by the government.

The building contains 270,000 sq ft of office space and is located on Paseo de Recoletos in the Spanish capital. Mutua Madrilena has signed a contract to purchase the property at a price which is believed to be a record for any single Spanish property investment. The initial yield on purchase is about 11 per cent.

Mutua, which has about 12 per cent of its investment funds in property, was bidding against several buyers for the office building, one of which was Mr Marc Rich, the international commodity trader who has been embroiled in a fight with the U.S. tax authorities.

Sole consultants to Rumasa were Invercame SA, Hillier Parker May & Rowden's fellof members of the European Commercial Property Association. Invercame are at an advanced stage of negotiations with two potential tenants for the whole building, one a major bank and the other a Spanish public company.

● Dixons Commercial Properties has sold Nash House, its freehold office development in the heart of London's Mayfair, to Olympic Maritime, part of the Onassis international shipping group. The *building comprises 10,250 sq* ft of office accommodation on seven floors and is in the final stages of construction. The purchasers, who have paid over £4.1m for the property, will use the building for their own occupation. Terms of the sale reflect a yield of 5 per cent net and a record office rent for the area of £22 a square foot.

● Birmingham-based Hayward Group has announced proposals for a £120m business park on a 200-acre site next to the National Exhibition Centre. The plan is, however, conditional upon a decision from the Department of the Environment, permitting a re-zoning of the site. The whole project would take between five and eight years to complete and, as yet, no funding has been organised. Hayward Group says it aims to achieve a share listing within three to five years, having just arranged a share placing through Henry Ansbacher.

● Knight Frank and Rutley Zimbabwe has negotiated the sale of the portfolio of London County Properties—a subsidiary of London-based MEPC—to Old Mutual for a price close to $16m.

Shaping the Square Mile

"IF WE WERE planning a mortuary next to the Mansion House or an extension of the M25 along Fleet Street, people would be running around in circles. But although our proposals are not sensational, they are no less important for the future of the City of London."

In inveiling the City of London draft plan, the first fresh development strategy for the City in over 20 years, Stuart Murphy, the City architects hit the nail on the head.

The document which is supposed to show the way ahead for the Square Mile up until the end of this century holds no major shocks and reflects the Corporation'a view—by no means universally shared—that the City is broadly managing to balance its commercial, environmental and historical needs.

It is a document couched in cautious terms, repeatedly empbasing its attempt to provide guidance, rather than to enforce specific polices. It makes few detailed proposals for action and stresses the Corporation's readiness to adopt a flexible approach in its attempt to resolve the conflicts arising from the City's international role and its unique, historical heritage.

So while the City fathers worry abont the height of buildings around St Paul's or the views from the Monument, they need to take full account of the property requirements of the businesses which are the City's lifeblood. Neither can they forget that the City is itself a major landlord or that the rates income from the businesses within its ancient boundaries will this year top £395m. No wonder the approach is a gentle one.

Even so, there is plenty of food for thought for developers seeking guidance as to how they will be able to maximise some of the world's highest land values. Far be it for the City to oppose office development—they say they positively encourage it—but there are some signs that the going is likely to get tougher.

The draft plan, which now goes out for public consultation and will almost certainly end in a public inquiry, is far from uncritical about past office development. It points out that 68 par cent of all floorspace in the City is given over to offices and says the proportion is rising at the expense of nearly all the other main users.

Economic diversity, the plan stresses, is vital to the City's future success and the Corporation says office development must not be allowed to stifle other forms of employment opportunities.

As to where the next generation of office development sbould arise, the draft plan starts by pointing out that more than half the office space already in the City—eatimated at around 40m sq ft—is within one quarter of its total area, centred on the Bank of England.

The City's planners have no quarrel with the need for many City businesses to be within close proximity to the major financial and insurance markets but, when it comes to expansion beyond the central core, their approach is not quite so straightforward.

Both Mr Murphy and Dr Keith Gugan, chairman of the City *planning committee, make it* clear that office expansion in tha so-called peripheral City markets will be coming in for some increasingly close scrutiny.

The Corporation view is that, in areas like those around Liverpool Street station, a wide range of small businesses have been allowed to flourish and that they will be protected, whatever the pressures for new development. In particular, the nnification of several small sites in order to pave the way for large-scale office schemes will be discouraged.

The news will not be altogether welcome for developers, wbo see most new activity taking place around the edges of the City and who claim all the evidence suggests their customers will want increasingly large cbunks of floorspace.

The City also discloses in the draft plan that it is taking a long, hard look at plot ratios, which control the physical bulk of a building and which are crucial in any developers' calculations. Radical changes seem unlikely, but changes there will be. Tbe development industry would do well to take a close interest in a document which might be more important than its outwardly anodyne approacb auggests.

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75 Davies St., W1 New A/C offices £18·50 psf	13,200–26,400
13/14 Cork St., W1 New A/C offices behind period facade £21·00 psf	653–2,480
14 Clifford St., W1 New A/C offices £20·00 psf	3,184–21,751
20 New Bond St., W1 Refurbished s/c office suites £18·00 psf	736–5,760
62 Lombard St., EC3 Prime banking/office development	29,400
Liberty House, Regent St., W1 Refurbished A/C offices £12·00/£16·00 psf	736–5,760

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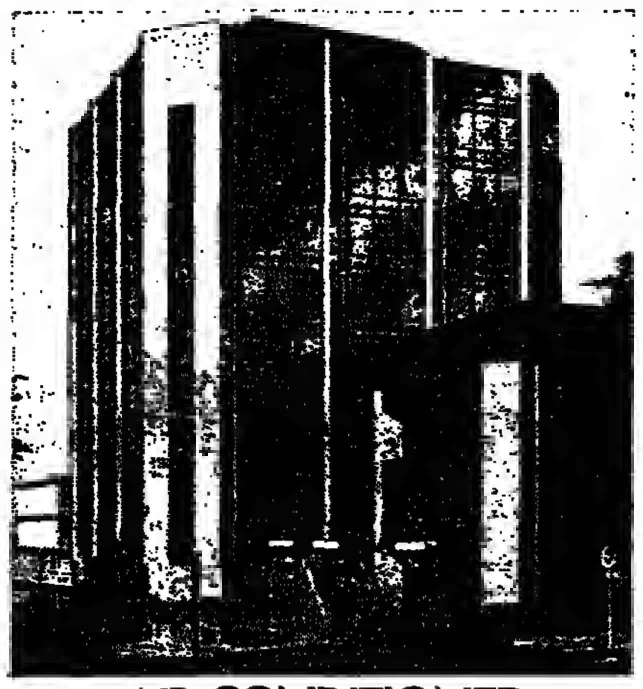

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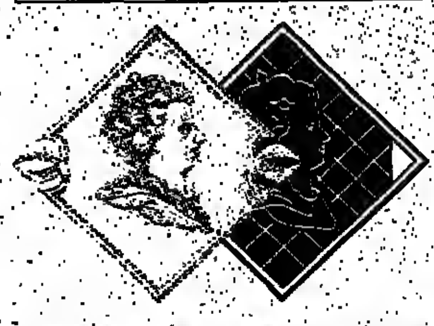

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday November 2 1984

Sweden wins finest terms for floating rate note, Page 36

WALL STREET

Regan view on rates buoys tone

A RENEWED bout of interest rate fever swept through Wall Street's financial markets yesterday, heightened by the fall in the dollar after Mr Donald Regan, the Treasury Secretary, reiterated the Administration's conviction that a further dip in rates lies ahead, *writes Terry Byland in New York.*

Near-term Treasury bill rates dipped below 9 per cent, fuelling hopes of another cut in bank prime rates, perhaps to 11¾ per cent. The bond market rose by a ½ point, ahead of the addition by the Federal Reserve of $2bn in customer repurchases.

The stock market, still cautious, took its lead from bonds and moved up at midsession.

The advance in both stock and bond sectors gathered pace ahead of the announcement of the latest money supply figures. The stock market, hestitant at first, moved up strongly in the afternoon, and recovered the losses of the previous session.

The fixed-interest markets opened with an extension of the recovery in prices seen at the close of Wednesday's session. News of a renewed dip in M1 money supply was expected at the end of the session. This would strengthen the arguments for an easing in policy by the Fed as soon as the presidential election is over.

The Dow Jones industrial average ended a net 9.71 up at 1,217.09, just below its best level of the day. Turnover increased, to show a shares traded total of 107.9m, the highest daily figure since october 10.

In the bond market gains finally ranged to about ¾ point, with the key bond 23/32 up at 108 9/32.

Wall Street, convinced that President Ronald Reagan will be reinstated in the White House next week, provided a receptive audience for renewed calls from Administration officials for easier credit policies.

Mr Beryl Sprinkel, the Treasury Under-Secretary, urged the Fed to produce "reasonable" money supply growth, echoing the Treasury Secretary, whose favourable view of the outlook for interest rates also fuelled market optimism.

The customer repurchases came when the federal funds rate had edged up to 10 1/16 per cent. Rumours of another cut in bank primes originated in Chicago, and reflected the fall in three-month Treasury bills to its lowest level since January – and a fall of 150 basis points since the beginning of September.

Most industrial share sectors improved, without showing much drama. In oils, Exxon at $44⅜ added $⅜, Texaco at $34⅜ gained $¼, and Atlantic Richfield at $47⅛ was $⅛ better.

IBM put on $1 to $125⅝ in moderate trading, while Honeywell at $59⅝ gained $⅛. Excellent results pushed Data General $1¼ ahead to $53⅞.

Other major corporate reports came from the defence and aerospace industries, where Grumman added $⅛ to $28⅛ and General Dynamics $⅝ to $63½, both on quarterly figures.

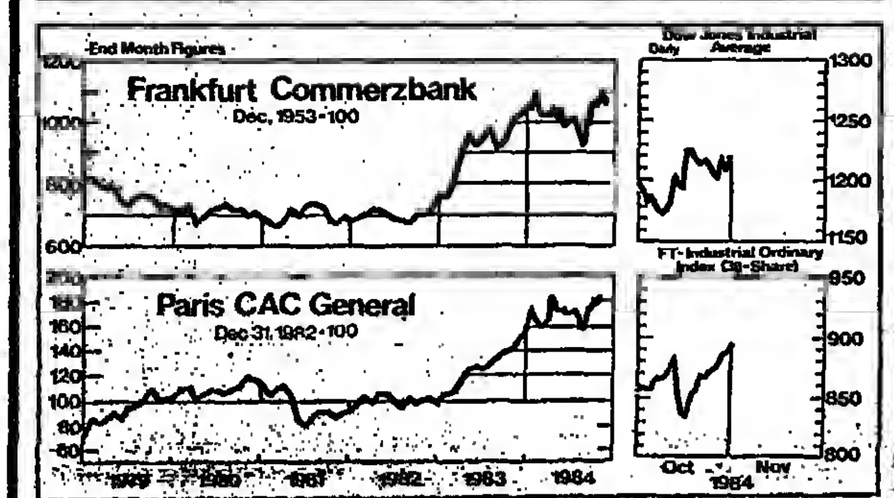
Continental Airlines at $6⅝ put on $⅛ on the turnround into profit, and AMR (American Airlines) added $⅜ to $32⅜. Other airlines saw some profit-taking, however.

The latest sales statistics from major retailers brought gains of $⅜ to $36⅛ in Woolworth, but Sears dipped $⅛ to $32 and J.C. Penney at $52⅞ shed $¼.

The short end of the credit market steadied at midsession, although the three-month Treasury bill rate remained at 9 per cent. The Fed further helped liquidity by purchasing $300m of bills. Rates on certificates of deposit continued to fall, with the six-month rate down 17 basis points at 9.68 per cent.

The long end of the bond market continued to find buyers, with a further dip in the yield on the existing key 30-year bond indicating optimism ahead of next week's auction of the Treasury's new long-dated issue.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 1	Previous	Year ago
DJ Industrials	1,217.09	1,207.38	1,229.27
DJ Transport	538.86	528.64	579.32
DJ Utilities	143.77	142.49	140.22
S&P Composite	167.49	166.09	163.64
LONDON			
FT Ind Ord	896.9	888.0	714.7
FT-SE 100	1,158.4	1,151.0	943.7
FT-A All-share	548.1	543.48	444.42
FT-A 500	595.63	591.62	481.73
FT Gold mines	493.5	507.7	466.2
FT-A Long gilt	10.29	10.30	10.31
TOKYO			
Nikkei-Dow	11,169.56	11,252.98	9,350.91
Tokyo SE	855.31	860.44	685.41
AUSTRALIA			
All Ord.	754.5	753.6	688.1
Metals & Mins.	443.3	443.0	508.6
AUSTRIA			
Credit Aktien	closed	57.42	54.95
BELGIUM			
Belgian SE	closed	153.46	122.73
CANADA			
Toronto			
Metals & Mins	1,943.41	1,926.4	2,211.0
Composite	2,354.72	2,353.3	2,374.7
Montreal			
Portfolio	116.38	116.04	115.95
DENMARK			
Copenhagen SE	167.87	168.3	194.27
FRANCE			
CAC Gen	closed	181.4	141.3
Ind. Tendance	closed	118.5	89.1
WEST GERMANY			
FAZ-Aktien	371.29	370.42	340.47
Commerzbank	closed	1,081.5	1,012.2
HONG KONG			
Hang Seng	1,029.26	1,015.13	846.74
ITALY			
Banca Comm.	closed	213.83	185.65
NETHERLANDS			
ANP-CBS Gen	178.7	179.9	136.3
ANP-CBS Ind	140.3	141.8	111.1
NORWAY			
Oslo SE	278.53	279.09	203.22
SINGAPORE			
Straits Times	834.1	839.73	938.26
SOUTH AFRICA			
Golds	n/a	1,009.8	851.4
Industrials	n/a	891.4	880.9
SPAIN			
Madrid SE	closed	141.21	125.23
SWEDEN			
J&P	1,426.53	1,426.13	1,427.76
SWITZERLAND			
Swiss Bank Ind	381.8	380.0	348.2
WORLD	Oct 31	Prev	Year ago
Capital Int'l	185.0	185.1	177.9

GOLD (per ounce)

	Nov 1	Prev
London	$335.75	$333.75
Frankfurt	$334.00	$333.25
Zurich	$335.75	$332.75
Paris (fixing)	closed	$335.98
Luxembourg (fixing)	closed	$335.10
New York (Dec)	$338.00	$333.60

* Latest available figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Nov 1	Previous	Nov 1	Previous
$	–	–	1.235	1.221
DM	2.99	3.03	3.695	3.705
Yen	244.35	245.7	301.5	300.0
FFr	9.18	9.2925	11.335	11.345
SwFr	2.46	2.494	3.04	3.0475
Guilder	3.371	3.4228	4.1525	4.1725
Lira	1,852.5	1,883.0	2,288.75	2,298.5
BFr	62.3	61.2	74.2	74.75
C$	1.3122	1.31455	1.615	1.6015

INTEREST RATES

Euro-currencies (3-month offered rate)	Nov 1	Prev
£	10 1/16	10
SwFr	5⅛	5⅛
DM	5 11/16	5 11/16
FFr	11	10 11/16
FT London Interbank fixing (offered rate)		
3-month U.S.$	10 1/16	10 1/16
6-month U.S.$	10 1/16	10
U.S. Fed Funds	10⅛	9 15/16
U.S. 3-month CDs	9.65	9.70
U.S. 3-month T-bills	9.06	9.01

U.S. BONDS

Treasury	Nov 1 Price	Yield	Prev Price	Yield
11¾ 1989	101 5/32	10.99	100 27/32	11.06
12⅜ 1991	103 5/32	11.58	102 21/32	11.69
12⅜ 1994	105 5/32	11.67	104 17/32	11.78
12½ 2014	106 27/32	11.54	105 27/32	11.61
Corporate	Nov 1 Price	Yield	Prev Price	Yield
AT&T				
10⅜ June 1990	93⅝	11.90	93⅝	11.90
3⅜ July 1990	71	10.85	71	10.85
8⅝ May 2000	78⅝	12.20	78⅝	12.20
Xerox				
10⅞ March 1993	92⅝	12.10	92⅝	12.10
Diamond Shamrock				
10⅞ May 1993	91⅝	12.25	91⅝	12.25
Federated Dept Stores				
10⅞ May 2013	85⅝	12.50	85⅝	12.50
Abbot Lab				
11.80 Feb 2013	93	12.70	93	12.70
Alcoa				
12½ Dec 2012	95⅝	12.85	95⅝	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	71–17	71–19	70–26	70–25
U.S. Treasury Bills (IMM) $1m points of 100%				
Dec	91.00	91.01	90.82	90.85
Certificates of Deposit (IMM) $1m points of 100%				
Dec	90.24	90.25	90.03	90.06
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	89.74	89.75	89.64	89.67
20-year Notional Gilt £50,000 32nds of 100%				
Dec	108–03	108–04	107–14	107–18

COMMODITIES

(London)	Nov 1	Prev
Silver (spot fixing)	587.70p	590.50p
Copper (cash)	£1,103.75	£1,081.00
Coffee (Nov)	£2,490.50	£2,494.00
Oil (spot Arabian light)	$28.15	$27.97

LONDON

Late impetus as mood improves

FRESH impetus late in the session enabled London to close higher for the 10th consecutive day, with the FT Industrial Ordinary share index up 8.9 at 896.9.

Early trading had been inhibited by the breakdown in the latest miners' talks and escalating labour problems within the British motor industry.

Mid-morning demand for Thorn EMI, however, transformed the market. The electrical group, which had a sharp, unexplained rise earlier in the week, found heavy demand amid speculation of a pending U.S. bid or de-merger possibilities, ending 29p higher at 482p.

Elsewhere, 15p advances were recorded by BTR at 510p, and by BOC at 259p as it announced the sale of U.S. interests.

Government securities were out of the limelight, with prices marked lower from the outset in the wake of easier overnight U.S. bond prices. However, some demand emerged for longer-dated stocks later in the day, and these closed generally firmer.

Mining markets were neglected, with movements in South African golds continuing to hinge on the rand's fluctuations against the dollar, and this hindered any worthwhile support.

Chief price changes, Page 28; Details, Page 29; Share information service, Pages 30–31

AUSTRALIA

CONTINUED Sydney support for industrial stocks outweighed some selling of resource issues, leaving the market little changed on the day.

BHP was unchanged at A$10.20 while CSR dipped a cent to A$2.97. Advances were recorded by FAI, up 10 cents to A$9.20 following continued overnight buying in London.

AUC, for which Morgan Guaranty is offering A$4.10 a share, put on 10 cents to A$4.60.

Banks continued steady ahead of annual results, with ANZ 6 cents higher at A$5.30 while Westpac and National Australia were unchanged at A$3.98 and A$3.47, respectively.

SOUTH AFRICA

A WEAKER tone among Johannesburg golds was partially corrected by the close. Vaal Reefs at R172.50 lost R1.50 but had traded as low as R172.50.

Among the mining houses Anglo American shed 25 cents to R23.50, and Gencor 50 cents to R24, but Gold Fields put on 20 cents to R29.70 amid news of its plans for a larger stake in O'Okiep Copper.

Retailer Edgars featured industrials with a R8 jump to R85 after profit figures.

HONG KONG

SOME late bargain hunting spurred a rally in Hong Kong which left shares to close at their highest level of the day.

The Hang Seng index added 14.13 to 1,029.26, reversing the downward drift of the previous three sessions during which the index had shed more than 40 points.

Among property issues, Cheung Kong gained 15 cent to HK$8.35, Hongkong Land 7 cents to HK$3.27 and Sun Hung Kai Properties 5 cents to HK$6.80.

SINGAPORE

FURTHER selling pressure by institutional and private investors left shares continuing their downward drift in Singapore, and the Straits Times industrial index fell 7.81 to 566.20.

Among actively traded issues, Pahang Consolidated dipped 4 cents to S$1.12 while Promet eased 5 cents to HK$2.01.

Elsewhere, Chuan Hup lost 16 cents to S$3.20, Growth Industries Holdings 10 cents to S$2.20, Keck Seng 6 cents to S$2.16 and Sime Darby 5 cents to S$1.66.

WEST GERMANY

Frustrations amid new issue allure

THE QUEUE of companies which has formed outside the Frankfurt bourse this year, seeking entry to the public domain, has transformed the West German new issue market into probably the liveliest in continental Europe, *writes Gordon Cramb in London.*

In turn, this has brought a clamour of foreign brokerage interest which the issuing institutions have been unable to satisfy.

Some DM 1.6bn will have been raised by the 19 equity launches undertaken so far this year. These range from the fragments of regional family-owned concerns to the DM 328m reaped by Porsche and the DM 550m brought in by Nixdorf.

Deutsche Bank, which led both the car maker and the computer group to the market, estimates that in each case as much as half the issue may now be in foreign hands, accounting respectively for 15 and 10 per cent of their equity.

Investors abroad have, however, had a tough time in getting in on the German action. Portfolio-enhancing growth stocks have emerged which foreign brokers find at once tantalising and, for a range of reasons, irritatingly out of reach.

Even the largest of the issues have created an acute problem of availability. In Porsche's case this was embodied in a limit for institutions, whether local or foreign, of 1,000 shares apiece – a maximum allocation which, it was acknowledged, would in reality be "far, far less."

This has occurred partly because the issuing institutions – keen on a successful launch – have often pitched offer terms at levels which the usually restrained Bundesbank has been drawn to describe as artificially underpriced. An issue level more in tune with the market would help, it suggests.

Although the central bank was not addressing itself specifically to the problem of foreign access, any dulling of that price attraction would assist a broader geographical spread among those still willing to bid for a stake.

Brokers also frequently find themselves hampered by a lack of detailed corporate information – not only profits and balance sheet data, where allowances might be made for a less rigorous tradition of disclosure, but such basics as what a company's exact activities are and where it operates.

Not all these handicaps are shared by everyone outside West Germany, though, and Herr Theodor Schmidt-Scheuber is better placed than most. As president of ABD Securities, a U.S. investment bank owned 75 per cent by Dresdner and 25 per cent by Bayerische Hypobank, he has close contacts with Wall Street and the German institutions.

As could be expected, he encounters little difficulty in getting the financial information he needs to sell the idea of German new issue involvement to American clients. They are enthusiastic, he says, and not too bothered about the preference or non-voting form in which many of the offerings have come. Growth prospects are what count.

The main problem, he argues, is quantity. Even the most ordinary of initial public offerings in the U.S. dwarfs the West German batch, and he acknowledges that the majority is placed close to home.

"In that case, it really doesn't make sense to call up a U.S. institution and offer just a handful of shares," he says. "The supply has been so small, even for Porsche and Nixdorf, and we wish we could have had more."

The London experience has been still less encouraging. Mr Roger Hornett of stockbroker James Capel asserts that potential demand extends well down the league table in terms of issue size but laments as "very unprofessional" what he describes as the routine absence of a properly produced prospectus.

Figures need to be re-cast from a UK accounting perspective, he says, but "seldom arrive in sufficient time to make a calculated assessment of the company's worth."

At Phillips and Drew, Mr Guy Rigden confirms the existence of an information gap. "We certainly could do with more detailed financial data, especially for the smaller companies," he says.

Although the Bundesbank's comments indicate that the issues are eminently "staggable," this is not the only motive on the part of foreign investors. Mr Rigden estimates that about half those interested would be seeking to retain the holdings for their growth prospects, hence the need for a clear corporate profile.

His worry is that the market is often rather small afterwards. If foreign investors are unable to secure a large enough holding first-off, they must rely on a changable secondary market to provide for their needs both as buyers and as eventual sellers, while at the same time foregoing the lucrative initial premium.

Deutsche Bank, responsible for ushering as many as 12 of this year's issues to the bourse, replies to the criticisms by pointing to the intense local demand, usually leading to a foreshortening of subscription periods, and insisting that analysts abroad get the information as soon as possible.

Sometimes, it must be said, missing out can be fortunate – on Wednesday BCT Computer, one of the 19, filed for bankruptcy at a Cologne court. But the queue of promising arrivals continues to grow, and foreign analysts – who say they have far fewer problems in gaining access to French and Dutch issues, for example – must for the most part look in frustrated envy from the sidelines.

EUROPE

All Saints brings thin trading

THE CLOSURE of many European bourses for All Saints Day left the others trading thinly – even **Amsterdam**, where turnover last month surpassed January's record flurry.

Activity yesterday was best in KLM, 60 cents firmer at Fl 44.60 amid its results. Océ-Van der Grinten fell Fl 6 to Fl 265.50 on disappointment at its ADR issue terms. Royal Dutch rallied a late Fl 2.20 to Fl 171.

BMW drew **Frankfurt** attention with a DM 9 gain at DM 366. The financial sector was enlivened by persistent rumours of holdings changing hands, taking Dresdner DM 6 higher to DM 182.50, Deutsche Bank up DM 2.50 to DM 374 and Allianz down DM 6 to DM 1,077.

Foreign buyers were to be found in **Zurich**. Bank Leu responded to results with a SwFr 45 rise to SwFr 3,725.

Swedish Match did best in **Stockholm**, SKr 8 ahead at SKr 265. SKF put on SKr 2 to SKr 160 amid results.

Domestic bond markets generally held steady in muted dealings, illustrated by a Bundesbank sale of just DM 1.4m in paper.

TOKYO

High prices give cause for concern

MOUNTING profit-taking pressure hit electricals and precision instruments to drive equities sharply down in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average shed 83.42 to 11,169.56 after reaching an all-time high the previous day. Volume also weakened to 344.69m shares from 361.72m. Declines outpaced advances 459 to 280, with 139 issues unchanged.

The weakness reflected investor concern over high prices. Blue chips dropped almost across the board on light sales, with Fuji Photo losing Y30 to Y1,600, Fujitsu Y40 to Y1,460, Matsushita Electric Industrial Y30 to Y1,620, Canon Y30 to Y1,570 and Fanuc Y250 to Y11,700.

Nippon Steel was the most active stock with 13.23m shares, falling Y1 to Y147. It was followed by Nippon Oils and Fats with 6.23m, down Y3 to Y376, and Pacific Metals with 5.47m shares, up Y4 to Y504.

Incentive-backed, lower-priced issues, which had been traded heavily over the past few weeks, were sold. Nippon Denko eased Y15 to Y560 and Ishihara Sangyo Y12 to Y519.

Financial issues were also bearish. Sumitomo Bank dropped Y30 to Y1,260, Fuji Bank Y30 to Y1,090 and Sumitomo Marine and Fire Y9 to Y530.

Speculative leaders fluctuated widely. Mochida Pharmaceutical rallied strongly after suffering a maximum allowable daily decline of Y500 on Wednesday for the seventh day running. The stock plunged Y490 to Y12,610 at one point but closed Y490 up at Y13,600 on late trading purchases.

Among the biotechnology-related issues, Kagome attracted buyers interest, registering a limit gain of Y100 to Y675. Daiichi Seiyaku climbed Y140 to Y2,370 and Kuraray Y13 to Y827.

Elsewhere, high-priced stocks soared due to strong buying for short-term profits. Nippon Television Network shot up Y1,110 to Y13,210 and KDD Y1,050 to Y25,660.

Reflecting growing expectations among institutional investors for short-term interest rates to fall, buying interest mounted to send bond prices soaring.

Investors had held off from buying long-term government bonds in view of a narrowing gap between long and short-term interest rates but began to seek longs amid signs that short-term rates would slip as financial markets are expected to be Y3,000bn in surplus in November.

Big trust and city banks issued large-lot buy orders for government issues with around nine years until maturity, bringing renewed enthusiasm to the market. The yield on the 7.3 per cent benchmark government bond, due in December 1993, fell to 6.755 per cent, from 6.805.

CANADA

A MARGINALLY lower overall trend was seen in Toronto as banks and media issues traded weaker although golds, metals and oils recovered from early losses.

Montreal was also broadly easier, but small advances were posted by industrials, utilities and banks.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	13¾	AAR	.43	2.2	19	27	22	22	22	
30½	9½	AGS			10	58	12¼	12⅛	12¼	
22	13½	AMCA	n	1	5.7	4837	15⅛	14⅞	15	
18⅝	13¾	AMF	.50	3.2	85	236	15⅝	15⅜	15½	
51¾	49⅝	AMF	pf4.32e	8.6		3	50¼	50¼	50¼	−¼
41¼	24¾	AMR			5	7143	33	32½	32¾	−⅛
20⅞	16¾	AMR	pf2.18	11.		5	19⅝	15⅝	19⅝	−¼
41⅞	27½	AMR	pf2.13	6.2		1123	34⅝	34⅛	34⅛	−¼
25½	22⅞	AMR	pf2.67	11.		40	24⅜	24⅜	24⅜	+⅛
16⅞	8½	APL			3	64	12⅞	12½	12½	−⅞
65½	40¾	ARA	2.10	3.2	14	128	u65⅞	65⅜	65⅞	+½
69¾	44¾	ASA	3a	5.3		415	56⅜	55⅝	56⅛	−1½
30⅞	16⅜	AVX	.32	1.9	12	111	15⅝	15⅜	15⅝	+⅛
51½	36¾	AbtLab	1.20	2.8	13	4362	41⅞	40⅞	41½	−⅜
23⅞	16⅛	AccoWd	s		18	68	21½	21½	21½	+⅛
27¾	12½	AcmeC	.40	2.5		41	15½	15⅜	15⅜	
12⅜	8⅞	AcmeE	.32b	3.3	14	22	10	9¾	9¾	−¼
24⅞	11	AdmDg	.04	.2	13	1	24⅛	24⅛	24⅛	
18⅝	15	AdaEx	2.11e	13.		71	16⅝	16⅛	16⅛	
18⅞	11⅞	AetnMl	.25	1.8	9	10	15⅛	15⅛	15⅛	−⅛
22	13½	AdvSys	.80	5.5	12	18	14⅝	14⅝	14⅝	+⅛
41½	25⅛	AMD			14	5671	32⅛	30½	30⅝	−1⅞
14⅝	7⅞	Advest	.12	1.3		13	9	8⅞	9	+⅛
17½	8⅞	Aeroflex			11	252	12	11½	11⅞	−⅛
39	27¼	AetnLf	2.64	7.4	20	2950	36½	35⅝	35⅞	−⅜
34½	15⅜	Ahmns	1.20	4.9	11	2364	25	24⅝	24⅞	+⅛
5½	2⅞	Aileen				2	2⅞	2¾	2⅞	+⅛
48⅞	38½	AirPrd	1.20	2.7	10	603	45	44⅝	44⅞	+⅛
30⅞	12	AirbFrt	.60	3.3	11	96	19⅝	19⅛	19⅝	+⅛
3⅞	1⅝	AlaMoa	.50e	14		236	3⅝	3½	3⅝	−⅛
21⅞	26¾	AlaP	pfA3.92	13.		11	29⅞	29½	29⅞	
7¼	6	AlaP	dpf.87	12.		25	7	7	7	−⅛
[illegible]										

B-B-B

C-C-C

D-D-D

E-E-E

F-F-F

G-G-G

H-H-H

I-I-I

J-J-J

K-K-K

L-L-L

M-M-M

N-N-N

O-O-O

P-Q

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7¾	3⅞	ADL	n		17	51	5⅞	5¾	5⅞	
3	2⅞	ADR	wt			3	2⅞	2¾	2⅞	+⅛
15¾	6⅝	ALLab	n.20	1.8	11	17	10⅞	10½	10⅞	+¼
13⅞	12¼	AMC	n.12e	1.0	10	8	12⅜	d12¼	12¼	-⅛
3¾	2½	AM	Ind			430	2⅞	2¾	2⅞	
2⅞	¾	ATI				14	⅞	13-16	⅞	+1-16
71¾	58	ATTFd	n5.08e	7.3		59	69⅝	69¼	69⅝	
7⅞	2⅞	AcmePr				4	3¼	3¼	3¼	
15⅞	8½	AcmeU	.32	3.5	10	12	9¼	9⅛	9¼	
16⅞	9⅝	Action			38	798	14⅜	13¾	14⅜	+⅝
9¾	4¾	Acton				43	5⅜	5¼	5¼	-⅛
4⅜	2	AdmRs			3	124	2	2	2	
25½	15⅞	AdRust	s.14	.6	20	x52	24	23½	24	+½
24¼	15	Adobe	.24	1.5	11	190	16	15½	16	+¼
6⅞	3⅞	Aegis			15	13	4⅝	4⅝	4⅝	
8⅞	4⅞	Aeronc			6	77	7⅝	7½	7⅝	
25¾	17⅛	AlbHso	.44	2.5	7	1	17⅛	17⅛	17⅛	
50⅞	38⅝	AlbPub	.80	1.6	14	1	45	45	45	-⅛
9¾	6	AirExp			35	68	8	8	9	-⅛
6⅛	3⅞	Alamco			2	32	3½	3½	3½	
14⅞	7⅞	AlbaW	.20e	2.6	5	1	7⅝	7⅝	7⅝	-⅛
9¾	5⅞	Aloha	.48r	6.6	2	1	7¼	7⅛	7¼	
22¼	11⅝	Alpnain	.05	.4	18	28	12¼	12⅛	12⅛	
2	½	Altex				286	⅛	⅛	⅛	
½	⅛	Altior	wt			33	⅛	⅛	⅛	
34¼	28⅝	Alcoa	pf3.75	12.		z450	31½	31½	31½	+½
22	11	AlzaCo			54	95	20⅝	19⅞	20¼	+¾
20¼	8½	Amdahl	.20	1.8	14	294	11⅞	10⅞	11⅛	
17	7	Amedco	.05	1.0	6	69	8	7⅞	7⅞	-⅛
6½	4¾	AmBlt	.16	2.4	6	9	6⅛	6⅛	6⅛	-⅛
9⅞	2⅞	AmCap				34	4⅝	4⅝	4⅝	
27	12⅞	AExp	wt			88	25¼	24	25⅛	+1⅛

Continued on Page 28

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 26

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
8⅝	3⅞	Wurltzr				14	4	4	4	
25⅛	10⅛	WyleLb	.32	2.5	8	67	12⅞	12⅝	12⅝	-⅛
21	16½	Wynns	.60	3.2	7	2	18⅝	18⅝	18⅝	

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
52⅛	33¾	Xerox	3	8.5	10	4875	35⅞	35¼	35½	
37	19	XTRA	.24	.9	10	42	27	26½	27	+½
33⅞	24	ZaleCp	1.32	4.8	9	44	27⅞	27¼	27⅝	
24⅞	15¾	Zapata	.84	5.0	12	2679	16¾	15⅞	16⅞	+1
49	28¾	Zayre	.40b	.9	13	u1615	47½	45¾	47	+1½
38⅝	20	ZenithE			8	475	24½	23⅛	23⅞	-¼
27⅞	18	Zero	s .36	1.6	16	156	22½	21⅞	22	-⅛
34	21½	Zurnin	1.32	5.5	10	43	23⅞	23⅞	23⅞	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after spin-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Oct. 31	Price Sch.	+ or —
Creditanstalt	214	-1
Goesser	329	-1
Interunfall	368	
Laenderbank	215	
Perlmooser	352	
Steyr-Daimler	151	
Veitscher Mag.	244	

BELGIUM/LUXEMBOURG

Oct. 31	Price Frs.	+ or —
B.B.L.	1,840	
Bekaert B	4,900	-10
Ciment CBR	2,438	-20
Cockerill	285	
Delhaize	6,050	-50
EBES	2,850	-5
Electrobel	8,590	-40
Fabrique Nat	2,134	
GB Inno BM	3,350	-5
GBL (Brux)	2,335	
Gevaert	3,710	-35
Hoboken	6,328	
Intercom	2,155	-15
Kredietbank	7,610	-10
Pan Hldgs.	8,950	-50
Petrofina	7,400	+20
Royale Belge	9,900	
Soc. Gen. Banq	3,260	-15
Soc. Gen. Belge	1,855	-15
Sofina	7,860	-40
Solvay	4,410	-10
Stanwick Intl.	1,480	-10
Tractionel	4,275	+50
UCB	5,360	-40
Wagon Lits	2,550	

DENMARK

Nov. 1	Price Knr %	+ or —
Andelsbanken	265	
Baltic Skand	560	
CopHandelsbank	275	-1
D. Sukkerfab	535	-5
Danske Bank	267	-2
De Danske Luft.	1,100	
East Asiatic	174	-2
Forenede Brygg.	750	
Forenede Damp.	107	-1
GNT Hldg.	410	
I.S.S.B.	425	
Jyske Bank	478	-4
Novo Ind.	1,205	+5
Privatbanken	241	-3
Provinsbanken	322	
Smidth (F.)	235	-1
Sophus Berend	880	+30
Superfos	449	-1

FRANCE

Oct. 31	Price Frs.	+ or —
Emprunt 4½% 1973	1,725	+7
Emprunt 7% 1973	9,005	
Accor	240.5	+0.7
Air Liquide	574	+5
BIC	513	
Bongrain	1,855	+20
Bouygues	640	+11
BSN Gervais	2,429	-21
CIT-Alcatel	1,268	+19
Carrefour	1,749	-20
Club Mediter'n	1,065	+7
Cie Bancaire	578	+8
Cofimeg	225	-4.1
Damart	2,275	
Darty	1,140	+15
Dumez S.A.	661	-24
Eaux (Cie Gen)	523	-1
Elf-Aquitaine	235	+1
Essilor	2,900	+2
Gen. Occidentale	682	+5
Imetal	84.7	-0.7
Lafarge Coppee	373	-0.5
L'Oreal	2,527	-23
Legrand	1,942	+5
Maisons Phenix	165.8	-0.7
Matra S.A.	1,859	+11
Michelin B	850	-5
Midi (Cie)	1,860	+10
Moet-Hennessy	1,817	-2
Moulinex	95.8	-0.2
Nord Est	58.9	-1.1
Pernod Ricard	744	-8
Perrier	519	+7
Petroles Fra.	231.5	-8
Peugeot S.A.	210	-1.5
Printemps Aus.	169.5	+4.4
Radiotech	239.8	-0.8
Redoute	1,205	+10
Roussel-Uclaf	1,541	-9
Sefimeg	265	-1
SkisRossignol	1,725	+20
Telemech Elect.	1,953	-25
Thomson CSF	383	+5
Valeo	250	-1.5

GERMANY

Nov. 1	Price Dm.	+ or —
AEG-Telef.	104.8	-1.2
Allianz Vers.	1,077	-6
BASF	171.3	+2.7
Bayer	182.9	-1.9
Bayer-Hypo	504	+2
Bayer-Verein	328.5	+3.5
BHF-Bank	672	-2
BMW	388	+9
Brown Boveri	204.5	-2.7
Commerzbank	173	+4.2
Cont'l. Gummi	123.5	-0.8
Daimler-Benz	587	-4.5
Degussa	372	
D'sche Babcock	150	-1
Deutsche Bank	374	+2.5
Dresdner Bank	182.5	+6
GHH	157.8	
Hochtief	473	
Hoechst	178	+0.6
Hoesch Werke	107.1	-0.4
Holzmann (P.)	355.5	+1.7
Horten	172.5	-2
Hussel	282	-1
Karstadt	234.5	
Kaufhof	224	+1
KHD	257	
Kloeckner	78	-0.5
Linde	380	+1
Lufthansa	175.1	-0.6
MAN	154	+0.8
Mannesmann	152.8	-0.7
Mercedes Hld.	512.5	-5
Metallgesell.	209.5	-2.5
Muench Rueck	2,130	
Nixdorf	538	+5.5
Porsche	1,037	+10
Preussag	246	
Rhein West Elect	166	+1.5
Rosenthal	259	+3
Schering	403	+8
Siemens	450.5	-6.5
Thyssen	78.5	-0.6
Varta	169	-1
Veba	168	+0.5
V.E.W.	118.8	+0.3
Verein-West	395	
Volkswagen	201	-0.3

ITALY

Oct 31	Price Lira	+ or —
Banca Com'le	15,770	+65
Bastogi-IRBS	113	-1
Centrale	2,171	+21
Credito Varesino	3,870	-27
Fiat	1,760	
Finsider	48	+2
Generali Assicur.	31,895	-355
Invest	2,815	-15
Italcementi	55,500	+850
La Rinascente	468	-1
Montedison	1,175	+5
Olivetti	6,021	-40
Pirelli Co.	3,004	-9
Pirelli Spa	1,741	-6
Snia BPD	1,859	+5
Toro Assic.	11,950	+590
do. Pref.	8,500	+300

NETHERLANDS

Nov. 1	Price Fls	+ or —
ACF Holding	186	-4
AEGON	134.5	-0.5
Ahold	188	-0.5
AKZO	103.1	-0.5
ABN	342	+2
AMEV	191	-2
AMRO	55	+0.3
Bredero Cert.	160	+1.5
Bos Kalis Westm.	14.2	-0.4
Buehrmann-Tet.	59	-0.5
Caland Hldgs.	31.7	-0.2
Dordtsche Pet'm	152.3	+1.3
Elsevier-NDU	115	+0.5
Fokker	70	+1
Gist Brocades	163	
Heineken	142	+0.5
Hoogovens	66	-0.1
Int Mueller	57.8	-0.2
KLM	44.6xc	+0.6
Naarden	4.55	+0.5
Nat Ned Cert	239.8	-0.7
Ned M'd Bank	148.8	-0.7
Nedlloyd	152.8	+0.3
Oce Grinten	255.5	-8
Ommeren (Van)	28.7	
Pakhoed	59.8	-0.5
Philips	57	-0.1
Robeco	67.1	-0.2
Rodamco	134.9	
Rolinco	63.8	+0.1
Rorento	46.5	+0.2
Royal Dutch	171	+9.9
Unilever	300.5	+0.5
VMF Stork	135	
VNU	189.5	-0.5
West Utr Bank	105.5	-0.2

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Nov. 1	Price Kroner	+ or —
Bergens Bank	159	-3.5
Borregaard	295	-7.5
Christiania Bank	154	-2.5
DenNorske Creds	156	-3
Elkem	128	-4
Kvaerner	177	
Norsk Data	340	-2.5
Norsk Hydro	124xa	
Storebrand	185	

SPAIN

Oct. 31	Price Pta %	+ or —
Bco Bilbao	338	-2
Bco Central	344	-2
Bco Exterior	209	-3
Bco Hispano	232	-5
Bco Popular	365	
Bco Santander	326	+1
Dragados	159	
Hidrola	72.2	-0.5
Iberduero	73	-0.5
Petroleos	140	+1
Telefonica	95	

SWEDEN

Nov. 1	Price Kronor	+ or —
AGA	350	+5
Alfa-Laval	193	
ASEA (Free)	365	
Astra (Free)	365	-5
Atlas Copco	104	+3
Cardo (Free)	237	+5
Cellulosa	116	
Electrolux B	229	-1
Ericsson	335	-7
Esselte	295	
Mo Och Domsjo	260	+8
Pharmacia	181	-2
Saab Scania Free	470	
Sandvik	385	
Skandia	310	+5
Skan Enskilda	53	-0.5
SKF	160	+2
St Kopparberge	170	
Sven Handlesbn.	110	+1
Swedish Match	266	+8
Volvo B (Free)	230	+5

SWITZERLAND

Nov. 1	Price Frs.	+ or —
Alusuisse	739	
Bank Leu	3,725	+45
Brown Boveri	1,355	+15
Ciba Geigy	2,660	+10
do. (Part Certs)	1,970	+5
Credit Suisse	2,300	-10
Elektrowatt	2,510	
Fischer (Geo.)	635	-5
Hoff-RochePtCts	92,525	+125
Hoff-Roche 1/10	9,275	+50
Jacobs Suchard	6,075	-25
Jelmoli	1,870	+20
Landis & Gyr	1,535	-10
Nestle	5,325	+25
Oer-Buehrle	1,400	+20
Pirelli	273	
Sandoz (Br)	7,050	+25
Sandoz (PtCts)	1,100	
Schindler (PtCts)	620	
Sika	920	+20
Surveillance	3715	-10
Swissair	1015	-5
Swiss Bank	359	-1
Swiss Reinsce.	7,400	+25
Swiss Volksbk.	1,535	+10
Union Bank	3,415	
Winterthur	3,050	+30
Zurich Ins.	17,760	-50

AUSTRALIA

Nov. 1	Price Aust $	+ or —
ANZ Group	6.3	+0.06
Alliance Oil Dev.	0.95	
Ampol Pet.	1.78	+0.01
Ashton	0.88	+0.01
Aust Cons Ind.	1.91	-0.01
Aust. Guarantee	3.15	-0.02
Aust. Nat. Inds	2.68	+0.02
Aust. Paper	2.55	
Bell Group	5.4	-0.02
Bell Res.	4.75	
Bond Corp Hldgs	1.55	
Boral	3.26	-0.05
Bougainville	1.77	
Brambles Inds.	5.45	-0.06
Bridge Oil	2.55	
B.H. Prop.	10.8	
CRA	6.1	+0.04
CSR	2.97	-0.01
Carlton Utd.	4.30	
Castlemaine Tys.	6.1	+0.04
Coles (G.J.)	4.05	-0.05
Comalco "A"	2.4	
Consolidated Pet.	0.48	-0.02
Costain Aust	1.35	+0.05
Dunlop Aust.	2.8	-0.01
E.Z. Inds.	5.4	
Elders IXL	4.8	+0.05
Energy Res.	1.5	

AUSTRALIA (continued)

Nov. 1	Price Aust. $	+ or —
Gen Prop Trust	2.32	+0.01
Hardie (James)	3.43	-0.02
Hartogen Energy	6.1	-0.12
Herald W'yTimes	4.1	-0.05
ICI Aust.	2.16	
Jimberlana F.P.	0.38	+0.02
Kia Ora Gold	0.12	
Lend Lease	5.6	-0.06
MIM	2.7	-0.05
Mayne Nickless	3.85	
Myer Emporium	1.81	-0.01
Nat. Aust. Bank	3.47	
News	9.1	-0.1
Nicholas Kiwi	5.2	
North Bkn Hill	2.24	-0.02
Oakbridge	0.75	-0.01
Pancont'l	1.14	-0.01
Pioneer Conc.	1.64	+0.01
Poseidon	3.1	-0.1
Queensland Coal	1.14	-0.01
Reckitt & Coln.	5.05	+0.05
Repco	1.23	-0.01
Santos	6.3	-0.06
Smith (Howard)	4	
Thos. Natwide	1.84	-0.02
Tooth	5.6	
Vamgas	3.55	
Western Mining	5.06	-0.01
Westpac Bank	3.98	
Woodside Petrol.	1.15	-0.02
Woolworths	2.7	-0.02
Wormald Intl	2.95	

HONG KONG

Nov. 1	Price H.K.$	+ or —
Bank East Asia	20.2	
Cheung Kong	8.35	+0.15
China Light	15.2	
Evergo	1.4	
Hang Seng Bank	36.25	
HK Electric	6.0	
HK Kowloon Wh.	4.17	-0.07
HK Land	3.27	+0.07
HK Shanghai Bk.	6.6	+0.05
HK Telephone	44.0	-0.5
Hutchison Wpa.	14.3	+0.2
Jardine Math.	7.5	+0.15
New World Dev.	3.85	-0.05
Orient O'seas	2.57	-0.02
O'seas Trust Bk.	2.5	+0.05
SHK Props.	6.8	+0.05
Shell Elect.	2.05	
Swire Pac A.	16.9	-0.3
TV—B	4.6	+0.15
Wheel'k Mard A.	3.57	+0.02
Wheel'k M'time.	1.46	
World Int. Hldgs.	1.41	+0.01

JAPAN

Nov. 1	Price Yen	+ or —
Ajinomoto	1,110	+40
Alps Electric	2,200	-80
Amada	1,110	-40
Asahi Chem.	568	+3
Asahi Glass	828	
Bridgestone	681	-11
Canon	1,570	-30
Casio Comp.	1,550	-40
Chugai Pharm.	1,120	
Citizen	602	-16
Daiei	548	
Dai Nippon Ptg	1,040	-10
Daiwa House	520	-12
Ebara	378	-12
Eisai	1,260	-20
Fanuc	11,700	-250
Fuji Bank	1,090	-30
Fuji Film	1,550	-30
Fujisawa	1,070	+20
Fujitsu	1,460	-40
Green Cross	1,680	-20
Hasegawa	360	-10
Heiwa Real Est	552	-23
Hitachi	885	-5
Hitachi Credit	1,140	
Honda	1,250	
House Food	703	
Hoya	2,590	-60
Itoh (C)	289	-6
Ito. Yokado	2,410	-10
Iwatsu	1,300	-30
JACCS	314	-1
JAL	4,590	-300
Jusco	766	
Kajima	271	-2
Kao Soap	796	-9
Kashiyama	631	
Kirin	544	+4
Kokuyo	911	-9
Komatsu	432	-13
Konishiroku	586	-4
Kubota	316	
Kumagai	424	-1
Kyoto Ceramic	7,830	-130
Maeda Const.	462	
Makino Milling	1,350	
Makita	1,060	-20
Marubeni	410	-9
Marudai	580	-5
Marui	1,090	-10
MEI	1,580	-30
M'ta Elec Works	550	-5
M'bishi Bank	1,060	+10
M'bishi	524	+5
M'bishi Elec.	419	-2
M'bishi Estate	492	-30

JAPAN (continued)

Nov. 1	Price Yen	+ or —
MHI	226	-2
Mitsui Co	325	-4
Mitsui Estate	576	
Mitsukoshi	349	-4
NGK Insulators	908	
Nihon Cement	197	-2
Nippon Denso	1,480	-30
Nippon Elect	1,310	-10
Nippon Express	515	-4
Nippon Gakki	1,260	-20
Nippon Kokan	136	
Nippon Oil	902	-3
Nippon Seiko	716	-5
Nippon Shimpan	535	-10
Nippon Steel	147	-1
Nippon Suisan	320	-2
NTV	13,210	-111
Nippon Yusen	229	-4
Nissan Motor	603	
Nisshin Flour	472	-7
Nisshin Steel	165	-2
Nomura	766	-6
Olympus	1,200	
Orient Leasing	3,490	-30
Pioneer	2,310	-20
Renown	649	-19
Ricoh	1,060	-30
Sankyo	950	-2
Sanyo Elect.	528	-11
Sapporo	386	-4
Sekisui Prefab	570	-2
Seven-Eleven	6,850	-10
Sharp	1,140	
Shimadzu	738	-2
Shionogi	686	-11
Shiseido	1,138	
Sony	3,840	-50
Stanley	945	-20
S'tomo Bank	1,260	-30
S'tomo Elect	935	-7
S'tomo Marine	530	-9
S'tomo Metal	147	-1
Taihei Dengyo	520	-2
Taisei Corp	193	-2
Taisho Pharm.	938	-25
Takeda	818	-9
TDK	5,110	-40
Teijin	485	-4
Teikoku	685	-15
Tokyo Marine	671	-4
TBS	785	-1
Tokyo Elect Pwr	1,230	-20
Tokyo Gas	158	+2
Tokyo Sanyo	742	-13
Tokyo Style	750	-3
Tokyu Corp.	270	-5
Toppan Print	880	-2
Toray	413	-2
Toshiba Elect.	440	-3
TOTO	570	-10
Toyo Seikan	845	-32
Toyota Motor	1,340	-10
Victor	1,940	-10
Wacoal	741	-1
Yamaha	585	-2
Yamanouchi	1,760	+30
Yamazaki	665	-11
Yasuda Fire	335	-8
Yokogawa Bdge.	420	

SINGAPORE

Nov. 1	Price $	+ or —
Boustead Hldgs.	1.81	-0.04
Cold Storage	2.93	
DBS	6.0xa	-0.05
Genting	4.9	-0.04
How Par. Bros.	2.1	
Hong Leong Fin.	3.22	
Inchcape Bhd.	2.55	-0.04
Keppel Shipyard	2.79	
Malay Banking	7.9	-0.1
Malay Utd. Ind	2.33	-0.05
Multi Purpose	0.97	-0.01
OCBC	9.15	-0.05
OUB	3.04	
Public Bank	1.80	-0.05
Sime Darby	3.84	-0.05
Straits Trdg.	4.88	-0.02
Tat Lee Bk.	3.00	-0.04
UOB	4.5	-0.04

SOUTH AFRICA

Nov. 1	Price Rand	+ or —
Abercom	1.5	+0.06
AE&CI	7.9	
Anglo Am Coal	36.0	
Anglo Am Corp	23.5	-0.25
Anglo Am Gold	165.5	-6.5
Barclays Bank	16.5	
Barlow Rand	10.34	-0.03
Buffels	75.25	
CNA Gallo	2	
Currie Finance	4.05	
De Beers	8.40	
Driefontein	63	-0.25
FS Geduld	54.5	
Gold Fields SA	29.7	+0.2
Highveld Steel	4.50	
Nedbank	11.85	-0.15
OK Bazaars	13.25	
Protea Hldgs	1.55	-0.05
Rembrandt	29.5	
Rennies	13.1	-0.15
Rust Plat	15.90	
Sage Hldgs	7.15	
SA Brews	6.40	
Smith (CG)	19.5	
Tongaat Hulett	7.10	
Unisec	4.2	

CANADA

TORONTO

Closing prices November 1

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONTREAL

Closing prices November 1

Sales	Stock	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales 1,371,117 shares

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Assoc. News	428	+33
BAT	290	+13
BOC	259	+15
BTR	510	+15
Bass	422	+8
Boot (Henry)	293	+18
Bryant (Derek)	303	+8
Cadbury Sch.	158	+4
Clarke Nickolls	155	+15
Coates Bros A	101	+12
Comm. Union	174	+4
Grampian TV A	97	+7
Heath (C. E.)	483	+13
Hepworth	385	+9
Johnston Group	185	+15
Martonair	268	+18
Scot. Newcastle	126	+4
Smiths Inds.	614	+14
Ward White	166	+21
Yarrow	328	+18
Berkeley Explo	155	+5
Carless Capel	195	+17

FALLS

Assoc Dairies	180	-6
Bailey (C. H.)	23	-5½
Blue Circle	480	-12
Harris Qu'way	184	-10
Premier Cons.	80	-4

Continued on Page 36

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 27

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Prev. Close	Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON STOCK EXCHANGE

MARKET REPORT

Equities close strongly and index nears 900 for first time since early May

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 15	Oct 25	Oct 26	Nov 5
Oct 29	Nov 8	Nov 9	Nov 19
Nov 12	Nov 22	Nov 23	Dec 3

* "New-time" dealings may take place from 9.30 am two business days earlier.

After losing their recent upwards momentum early in the session yesterday, London stock markets found fresh impetus late and closed higher for the tenth day running. The dull initial scene was a reflection of the breakdown of the latest miners' talks, escalating labour problems within the UK motor industry and lower Wall Street values overnight.

These factors inhibited investment incentive for the first hour of business and both bonds and equities looked valunerable to profit-taking. A static Gilt-edged market gave no guide to share dealers but mid-morning demand for Thorn EMI gradually transformed the situation. The Electrical group, which had a sharp unexplained rise earlier in the week, was supported heavily amid speculation of a pending U.S. bid or de-merger possibilities.

Sizeable investment funds appeared later for other leading shares with BOC, which announced the sale of its U.S. arc welding equipment interests, encountered sustained buying interest. American investors again favoured BTR and the combined rises in the three-mentioned stocks added some 4.6 to the FT Industrial Ordinary share index. Down nearly five points at 10 am, the index went higher still in the after-hours' trade to close a net 8.9 up at 896.9.

Having held centre stage for many sessions recenly, Government securities were forced to the wings. Influenced by easier U.S. bond prices overnight, Gilt-edged dealers lowered quotations at the opening. Little selling developed and the tone brightened as softer money market rates rekindled hopes of lower base lending rates.

Turnover fell below recent levels, but a firmer U.S. bond market in the early trade encouraged sporadic demand which enabled longer-dated Gilts to close generally harder on the day. Sterling, better than late against the dollar but down on most Continenal currencies, was less of a trading factor.

C. E. Heath rally

Weak recently on fears that workers' compensation arrangements in Australia could be changed after the forthcoming election, C. E. Heath rallied 13 to 483p; the interim results are scheduled for November 20. Elsewhere in Insurances, Derek Bryant gained 8 to 303p after the announcement that the Prudential Corporation had acquired a near-7 per cent stake. Commercial Union, helped by Press comment, moved up 4 to 174p, while General Accident added 5 at 480p.

Interest in the major clearing banks was at a low ebb.

Press comment ahead of the forthcoming dividend season attracted buyers to Breweries. Bass stood out with a rise of 8 at 428p and Whitbread firmed 4 to 195p. Scottish and Newcastle, additionally helped by hotel sale rumours, gained 4 to 126p. Elsewhere, Distillers found support at 288p, up 5.

Leading Buildings turned easier in the face of scrappy selling. Blue Circle, a strong market recently, encountered profit-taking and fell back from its 1984 high of 472p to close a net 12 down at 460p. Falls among other leading issues were usually confined to a few pence. Elsewhere, comment on the interim results helped Henderson Group gain 7 to 255p, while increased annual profits left J. Smart 2 dearer at 53p. William Leech, up 9 on Wednesday following news that C. H. Beazer had increased its stake to 24.26 per cent, gave up 4 to 126p, but J. Jarvis attracted fresh support in a restricted market and rose 8 to 308p. Among Timbers, Meyer International gained 5 to 135p on speculative buying, while Magnet and Southerns moved up 4 to 128p.

Among Chemicals, Laporte firmed 6 to 351p; the group has acquired a 75 per cent stake in Fine Organics, a specialist chemical concern, for £4.05m. Coates Brothers issues replied strongly to the good interim results, the ordinary rising 14 to 112p and the A 12 to 101p.

Ward White feature

Ward White highlighted Stores, rising 21 to 166p after comment on the acquisition of Halfords, the car accessories-to-bicycle business, from Burmah Oil. J. Hepworth continued to draw strength from the excellent results and proposed 200 per cent scrip-issue, advancing 9 more for a rise of 63 so far this week to 385p. After-hours' publication of Currys' defence document, totally rejecting Dixons' offer, brought about late rises in both; the former closed 12 better at 424p and the latter 11 higher at 331p. John Menzies put on 8 and Home Charm 4 to the common level of 200p. Harris Queensway, on the other hand, came on offer at 184p, down 10, while Foster Bros reacted 8 to 126p after comment on the half-year figures. Millets Leisure softened 2 to 128p on news of the first-half deficit. Leading retailers turned irregular as the volume of business contracted. Burton, still in sympathy with J. Hepworth, hardened a couple of pence more to 352p.

Apart from the revival of activity in Thorn EMI, which closed 29 higher at 482p, after 488p, other leading Electricals were again neglected. GEC and Racal, however, edged up 4 apiece to 226p and 260p respectively. Elsewhere, USM-quoted Brikat moved up sharply to close 23 higher at 183p following better-than-expected preliminary figures. In contrast, Cable and Wireless were an unsettled market at 329p, down 15, on reports of a broker's bearish circular. Cray Electronics rose 15 to 200p ahead of today's annual meeting.

Several good features emerged in secondary Engineerings. Comment on the annual results prompted renewed strength in Yarrow, up 18 further at 328p, while good preliminary figures left Martonair a similar amount higher at 268p. Favourable Press mention stimulated fresh interest in Hopkinsons, which firmed 5 more to 125p. On the other hand, C. H. Bailey, a long-time speculative counter, fell 5½ to 23p on heavy selling and switching into Bristol Channel Ship Repairers; the latter closed 1½ dearer at 6½p, after 7½p.

Fods continued to attract selective support, although the busyness went out of several Retailers. Associated Dairies came under selling pressure in the wake of the chairman's warning about current trading and the close was 6 down at 180p, after 178p. Tesco slipped 4 to 206p, but J. Sainsbury attracted support ahead of next Tuesday's interim results and gained 4 more to 304p. Elsewhere, a combination of domestic and U.S. demand lifted Cadbury Schweppes 4 to a 1984 peak of 158p, but current bid favourite Rowntree Mackintosh were subdued and closed unchanged at 382p, after 380p. Alpine Soft Drinks ran into fresh speculative buying and added 3 for a two-day gain of 7 to 26p.

BOC advance

Selected miscellaneous industrials leaders responded smartly to sustained buying interest. BOC Group, helped by news of the sale of its U.S. arc welding businesses, were particularly good at 259p, up 15p. U.S. demand lifted BTR 15 to 510p, while Metal Box, interim results expected later this month, improved 8 to 350p. Glaxo hardened ⅛ to £10⅞. Elsewhere, Henry Boot advanced 18 to 293p following the sharp increase in mid-term earnings. Revived demand lifted Smiths Industries 14 to 614p and Pearson 10 to 565p. News of the Dutch order for four Jetstream 31 light transport aircraft left British Aerospace 8 to the good at 383p. Johnston Group advanced 15 to 185p in a limited market, while other bright spots took in Eastern Produce, up 10 at 282p, and Granada, 8 to the good at 158p. In contrast, Trafalgar House eased to 306p before closing 5 cheaper on the day at 312p following Wednesday's late news that the Kuwaiti Investment Office had acquired a near-7 per cent stake in the company. Dealings were temporarily suspended in Francis Industries, at 151p; the company recently agreed to fresh bid terms from Suter Electrical.

Among television issues, Grampian TV gained 7 to 97p in reply to good interim results and an optimistic statement. Further demand lifted Tottenham Hotspur 4 for a two-day gain of 9 to 82p.

Despite the strike situation, recent U.S. favourite Jaguar rallied from an initial easier level of 210p to close a couple of pence harder on balance at 215p. Elsewhere in Motors, Glanfield Lawrence hardened a penny to 68p following comment from Gregory Securities.

Associated Newspapers jumped 33 to 428p following renewed demand in a market none-too-well supplied with stock; Daily Mail "A" advanced 40 to 735p in sympathy. Among Paper/Printings, DRG softened a couple of pence to 155p, after touching 152p as bid hopes faded.

Leading Properties turned easier in the absence of fresh support. Land Securities slipped to 308p prior to closing a net 3 off at 309p, while MEPC lost a couple of pence to 320p. Against the trend, Sterling Guarantee firmed 1½ to 56½p. Elsewhere, Clarke Nickolls attracted further speculative buying in a restricted market and closed 15 up at 155p, while renewed demand lifted Cardiff Property 8 to 150p.

Tobaccos experienced a busier session. Bats attracted U.S. support and, with the help of a broker's recommendation, closed 13 higher at 290p. Rothmans International, also the subject of a broker's circuler, gained 3 to 161p, while Imps closed the same amount dearer at 169p.

Among Investment Trusts, Gresham rose 15 to 210p owing to buying in a thin market. Fashion and General added 10 at 300p.

Oils quiet

An uneasy calm settled over the Oil sector in the wake of Opec's agreement on output levels and individual member countries' output quotas. Buyers remained cautious because of the key problem of price differentials between light and heavy grades. The leaders traded quietly a shade below the previous day's closing levels prior to firming up on early Wall Street influences to finish virtually unchanged.

Secondary issues were enlivened by the Carless Capel/Premier Consolidated bid situation which reached its conclusion; sensing that the offer would fail, buyers moved in on Carless and the price rose to 190p. On the announcement that the bid had lapsed, Carless gained 5 more to close a net 17 up on the day at 195p. Premier fell away to close 4 down at 60p. Elsewhere, news that Elf was prepared to sell its 29 per cent stake in Berkeley Exploration at 200p per share left the latter 5 up at 155p; Charterhouse Petroleum, which already owns 22 per cent of Berkeley and has been strongly tipped as a bidder, slipped a penny to 123p.

Among Irish exploration stocks, Atlantic Resources remained a volatile market and, after opening higher at 64p, came under further selling pressure and dipped to 54p prior to closing a couple of pence cheaper at 58p. Profit-taking left recently-firm Jackson Exploration 12 down at 103p.

Golds subdued

Mining markets were a relative backwater. Movements in South African Golds continued to hinge on the Rand's fluctuations against the dollar, which hindered any worthwhile support from either London or the Cape. Continental buying, which had underpinned top-quality stocks in recent trading sessions, was reduced by the closure of many important centres for All Saints Day, although sporadic demand was reported from Swiss sources.

Bullion which eased to the $333 per oz level earlier, rallied during the afternoon as the dollar came under pressure and finished a net $2 better at $335.75 per oz.

Heavyweight Golds, which had earlier showed losses close to two points, staged a minor recovery in the wake of firmer sterling, but dealers were quick to point out that trading remained extremely sensitive. The FT Gold Mines index finally gave up 14.2 more to 493.5.

South African Financials behaved in similar vein. Anglo American, standing around £10 at one stage, rallied to finish a fraction firmer on balance at £10¼, while "Amgold" closed only a point off at £71¾, after £70¾.

London-domiciled Financials, however, failed to respond to either firmer bullion or domestic equities. RTZ eased a couple of pence to 583p; a subsidiary has agreed the provisional purchase of Charter Consolidated's 60 per cent stake in Wheal Crofty, the holding company of the South Crofty tin mine in Cornwall. Charter gave up 2 at 223p.

Leading diversified Australians made limited progress partly reflecting firmer Copper prices. CRA advanced 8 more to 356p, while MIM rose 5 to 189p.

Demand for Traded Options lessened, but contracts struck still amounted to a respectable 4,371. Much of the day's business centred on current U.S. favourites Bats and Jaguar. The former attracted 540 calls, 254 in the November 280's which rose 5 to 12p, while Jaguar recorded 563 calls, the December 200's and December 220's accounting for 210 and 235 trades respectively.

FINANCIAL TIMES STOCK INDICES

	Nov. 1	Oct. 31	Oct. 30	Oct. 29	Oct. 26	Oct. 25	Year ago
Government Secs	81.36	81.36	81.02	80.76	80.63	80.81	82.94
Fixed Interest	84.85	84.37	84.00	83.89	84.59	84.29	85.17
Industrial Ord	896.9	888.0	885.1	878.2	873.2	872.0	714.7
Gold Mines	493.5	507.7	510.6	519.2	544.8	501.0	466.2
Ord. Div. Yield	4.72	4.77	4.79	4.83	4.86	4.87	4.72
Earnings, Yld.% (full)	11.27	11.02	11.43	11.32	11.58	11.63	[illegible]
P/E Ratio (net) (*)	10.65	10.54	10.60	10.42	10.67	10.33	13.18
Total bargains (Est.)	18,729	18,208	18,956	12,475	12,334	12,693	20,160
Equity turnover £m.	—	331.27	332.68	198.40	281.79	241.91	210.94
Equity bargains	—	17,891	17,062	18,780	17,010	12,074	10,686
Shares traded (mln)	—	100.8	140.0	120.8	192.0	190.1	124.4

10 am 883.1. 11 am 886.3. Noon 887.2. 1 pm 888.5. 2 pm 888.5. 3 pm 882.3.

Basis 100 Govt. Secs. 15/2/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=10.23.

HIGHS AND LOWS / S.E. ACTIVITY

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low		Oct. 31	Oct. 30
Govt. Secs	83.77 (3/1)	78.79 (30/7)	127.4 (9/1/35)	49.18 (3/1/75)	Daily Gilt Edged Bargains	151.9	136.3
Fixed Int.	87.48 (14/6)	80.43 (30/7)	150.4 (28/11/47)	50.53 (3/1/75)	Equities Bargains	110.2	110.5
					Value	649.4	510.7
Ind. Ord.	922.8 (5/5)	755.3 (23/7)	922.8 (5/5/84)	49.4 (26/6/40)	5-day Average Gilt Edged Bargains	104.7	122.4
Gold Mines	711.7 (3/1)	480.7 (1/6)	734.7 (15/2/83)	43.5 (26/10/71)	Equities Bargains	113.6	110.0
					Value	563.3	542.0

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Nov 1 1984 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Oct 31 Index No.	Tues Oct 30 Index No.	Mon Oct 29 Index No.	Fri Oct 26 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (205)	534.78	+0.9	9.60	3.77	13.84	529.98	526.05	522.01	519.29	449.17
2 Building Materials (23)	485.75	+1.1	12.27	4.48	9.90	480.49	477.53	476.96	474.64	436.08
3 Contracting, Construction (30)	690.83	-0.4	13.88	3.67	9.36	693.12	687.91	680.34	672.84	687.83
4 Electricals (14)	1538.07	—	10.71	4.88	11.72	1538.64	1524.23	1511.45	1515.40	1671.05
5 Electronics (34)	1963.98	+1.4	7.15	1.28	17.72	1936.28	1925.37	1897.98	1892.57	0.0
6 Mechanical Engineering (61)	258.90	+0.8	12.52	4.88	9.57	254.94	256.66	255.54	253.21	187.98
8 Metals and Metal Forming (9)	167.82	-0.4	13.65	7.81	9.19	168.43	167.77	168.28	164.15	155.39
9 Motors (17)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	109.98
10 Other Industrial Materials (17)	730.56	+1.8	6.69	3.71	18.58	717.32	718.68	785.42	782.46	536.54
21 CONSUMER GROUP (190)	567.66	+0.9	10.22	4.04	12.00	562.82	558.67	554.12	551.27	437.89
22 Brewers and Distillers (22)	535.36	+1.3	12.21	4.94	9.93	528.28	521.37	515.88	513.98	444.45
25 Food Manufacturing (21)	448.84	+0.1	12.63	4.96	9.80	448.44	444.87	443.72	444.94	345.01
26 Food Retailing (12)	1355.48	-1.1	6.79	2.47	19.54	1370.96	1356.58	1340.70	1332.19	993.47
27 Health and Household Products (9)	922.86	+0.7	6.57	2.26	19.89	917.39	909.72	906.99	904.83	722.71
29 Leisure (23)	613.95	+2.0	8.77	4.96	14.82	606.54	606.58	594.56	598.20	564.97
31 Newspapers, Publishing (13)	1311.58	+0.4	9.25	4.86	14.82	1306.28	1302.86	1296.16	1290.22	927.81
32 Packaging and Paper (14)	256.97	+0.7	14.13	5.51	8.34	255.14	252.98	253.14	253.07	195.05
34 Stores (46)	498.52	+0.6	8.74	3.65	15.25	495.63	490.52	485.25	479.75	405.72
35 Textiles (19)	291.98	—	13.19	4.70	8.74	291.84	289.64	286.05	284.28	297.94
36 Tobaccos (3)	778.98	+3.9	16.31	4.97	6.83	749.81	749.76	727.65	722.79	458.84
39 Other Consumer (9)	472.16	+0.3	10.26	4.21	—	470.66	469.15	466.14	[illegible]	444.25
41 OTHER GROUPS (86)	491.57	+0.2	10.91	4.24	12.21	490.75	489.20	487.64	484.23	387.98
42 Chemicals (17)	665.86	+1.0	13.36	4.75	9.56	659.50	655.24	654.68	652.21	561.84
44 Office Equipment (4)	166.53	+1.0	12.74	5.42	9.44	165.53	165.46	164.73	163.47	[illegible]
45 Shipping and Transport (13)	862.25	+0.6	9.86	5.60	12.94	856.77	853.99	850.51	861.05	[illegible]
46 Miscellaneous (54)	585.02	+0.5	9.63	3.54	15.01	585.16	587.25	583.07	581.61	498.57
49 INDUSTRIAL GROUP (485)	561.27	+0.8	10.33	4.03	12.34	567.11	563.45	559.55	556.65	[illegible]
51 Oils (17)	1082.12	+0.2	16.89	6.93	7.49	1079.60	1076.52	1069.60	1068.41	955.77
59 500 SHARE INDEX (500)	595.63	+0.7	10.97	4.45	11.29	591.42	588.00	583.86	581.37	481.73
61 FINANCIAL GROUP (118)	401.89	—	—	5.50	—	401.95	403.54	396.40	394.15	332.76
62 Banks (6)	422.79	+0.2	20.63	6.94	6.05	421.81	422.50	419.48	416.99	[illegible]
65 Insurance (Life) (9)	507.66	—	—	5.50	—	507.77	508.33	501.77	503.58	455.59
66 Insurance (Composite) (8)	287.31	+0.3	—	6.86	—	286.87	285.48	282.41	282.21	[illegible]
67 Insurance (Brokers) (7)	842.68	+0.6	8.94	4.31	15.59	837.90	836.19	827.76	826.83	[illegible]
68 Merchant Banks (12)	199.64	-0.2	—	4.96	—	200.12	199.44	196.17	195.41	[illegible]
69 Property (49)	514.41	-0.3	5.20	3.58	25.96	515.53	514.26	512.41	506.32	[illegible]
70 Other Financial (17)	249.70	-0.3	11.99	4.18	10.18	249.54	250.45	248.96	249.45	231.08
71 Investment Trusts (105)	553.49	-0.4	—	3.48	—	553.86	547.58	544.58	545.09	[illegible]
81 Mining Finance (4)	272.56	-0.3	11.48	5.57	11.88	273.49	274.60	275.36	278.15	[illegible]
91 Overseas Traders (14)	592.61	+0.9	11.49	6.35	10.08	587.27	594.78	587.12	581.31	[illegible]
99 ALL-SHARE INDEX (741)	546.10	+0.5	—	4.60	—	543.49	540.23	536.30	534.21	444.42
	Index No.	Day's Change	Day's High	Day's Low						
FT-SE 100 SHARE INDEX	1158.4	+7.4	1158.4	1147.7		1151.0	1145.2	1136.1	1130.5	

FIXED INTEREST

PRICE INDICES	Thur Nov 1	Day's change %	Wed Oct 31	xd adj. today	xd adj. 1984 to date
British Government					
1 5 years	116.82	-0.01	116.94	—	9.69
2 5-15 years	129.35	+0.03	129.25	—	12.34
3 Over 15 years	138.35	+0.11	138.19	—	11.72
4 Irredeemables	147.59	+0.06	147.40	—	13.34
5 All stocks	128.06	+0.03	128.02	—	11.38
6 Debentures & Loans	107.89	+0.29	107.57	—	9.67
7 Preference	75.95	+0.46	75.65	—	5.83
BRITISH GOVERNMENT INDEX-LINKED STOCKS					
8 All stocks	109.81	+0.01	109.80	—	2.44

AVERAGE GROSS REDEMPTION YIELDS	Thur Nov 1	Wed Oct 31	Year ago (approx.)
British Government			
1 Low Coupons 5 years	10.92	10.93	9.76
2 Low Coupons 15 years	[illegible]	[illegible]	[illegible]
3 Low Coupons 25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons 5 years	[illegible]	[illegible]	[illegible]
5 Medium Coupons 15 years	[illegible]	[illegible]	[illegible]
6 Medium Coupons 25 years	[illegible]	[illegible]	[illegible]
7 High Coupons 5 years	[illegible]	[illegible]	[illegible]
8 High Coupons 15 years	[illegible]	[illegible]	[illegible]
9 High Coupons 25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables	9.87	9.87	9.74
11 Debs & Loans 5 years	12.81	12.86	11.82
12 Debs & Loans 15 years	11.88	11.93	11.80
13 Debs & Loans 25 years	11.75	11.79	11.79
14 Preference	13.09	13.03	12.44
15 Inflation rate 5%	3.32	3.31	2.95
16 Inflation rate 10%	3.21	3.12	2.95

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (72)

BANKS (2) ANZ Westpac

BREWERS (3) Bass Whitbread A

BUILDINGS (3) Henderson Group Howard Shuttering

CHEMICALS (1) Plysu

STORES (5) Currys Ward White Dixons Ellis & Goldstein

ELECTRICALS (8) Bowthorpe Goring Kerr Brikat Renishaw Energy Services Scantronic FKI Elect. VG Instruments

ENGINEERING (4) Cronite Neill (James) Garton Eng. Yarrow

FOODS (4) Cadbury Schweppes Glass Glover Fitch Lovell

HOTELS (2) Comfort Inn. Mount Charlotte

INDUSTRIALS Advance Services Elders IXL British Syphon Havelock Europa Celestion Norcros Chubb De La Rue

INSURANCE Alexdr. & Alexdr. Bryant (Derek) Combined Intl.

LEISURE (1) Saga Holidays

NEWSPAPERS (1) Bristol Eve. Post

PAPER (2) JWT Group Peters

PROPERTY Clarke Nicholls Laing Props. Do 8½pc Cnv. 2000-05 Pathoretia

TOBACCOS (1) BAT Inds.

TRUSTS Fleming Universal Northern Secs. Outwich Raeburn Scot. Cities A Scot. & Merc. A Tribune Yeoman

OILS (1) Falcon Resources

OVERSEAS TRADERS (2) Finlay (James) Ocean Wilsons

MINES (1) Portman Mining NL

NEW LOWS (27)

AMERICANS (2) Damson Oil MidCon Corp.

CANADIANS (1) Breakwater Resources

STORES (1) Sumrie Clothes

INDUSTRIALS (3) Anglo-African Fin. Stag Furniture Pritchard Services

LEISURE (1) Riley Leisure

PAPER (1) Hoggett Bowers

TRUSTS (1) Plan Invest.

OVERSEAS TRADERS (2) Boustead Mesco Invests.

PLANTATIONS (1) Harrisons. Mly Plnts

MINES (14) Durban Deep Stilfontein Bracken Harmony ERGO Loraine Marievale St. Helena Deelkraal Welkom Elandsrand Gold Western Holdings Libanon Colby Resources

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates. H Dividend and yield based on prospectus or other official estimates. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Allotment letters (or fully-paid). ‖‖ Introduction. ☩ Unlisted Securities Market. § Placing price. † Figures assumed. ‡ Units comprising one ordinary share and one option. †† Official London Listing.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 22	Nov 2	Jan 24	Feb 4
Nov 5	Nov 16	Feb 7	Feb 18
Nov 19	Nov 30	Feb 21	Mar 4

For rate indications see end of Share Information Service

Call options were arranged in Eglinton Oil and Gas, Polly Peck, Southend Stadium, Alpine Soft Drinks, C. H. Bailey, Brunswick Oil, Enterprise Oil, *First National Finance*, BL, Meekathara, North Kalgurli, Atlantic Resources, Hargreaves and Audiotronic. Puts were done in Allied Irish Banks, *Mercury Securities*, Premier Oil and International Petroleum. Doubles were taken out in Polly Peck and C. H. Bailey.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	27	25	01
Corpns, Dom. and Foreign Bonds	9	1	69
Industrials	255	245	913
Financial & Props.	72	132	324
Oils	24	26	76
Plantations	1	3	14
Mines	12	71	97
Others	34	93	73
Totals	434	596	1,017

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed. close	Day's change
Hepworth (J.)	23	376	+24
Jaguar	14	213	+3
Imp Cont Gas	13	370	+20
Media Tech H	13	123	—
BP	12	478	+3
Glaxo	12	£10⅞	[illegible]
Barclays Bank	11	530	+3
Burmah Oil	11	210	—
Rowntree Mack	11	382	—
BAT Inds	10	277	-3
De Beers Dfd	10	307	+2
ICI	10	660	+2
Shell Trans	10	655	-5
Thorn EMI	10	453	-5

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Associated Dairies	180	-6
Assco Newspapers	428	+33
Atlantic Resources	58	-2
BAT Inds	290	+13
BOC	259	+15
BTR	510	+15
Blue Circle	460	-12
Cadbury Schweppes	158	+4
Carless Capel	195	+17
Hepworth (J.)	385	+9
Scottish & Newcastle	126	+4
Ward White	166	+21

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 10,141

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls Jly.	Puts Jan.	Puts Apr.	Puts Jly.
B.P. (*478)	380	97	106	—	6	[illegible]	[illegible]
	400	57	70	—	3	[illegible]	[illegible]
	460	40	43	60	17	[illegible]	[illegible]
	500	20	30	67	33	[illegible]	[illegible]
	550	0	10	—	77	[illegible]	[illegible]
Cons. Gold (*474)	460	46	80	70	14	[illegible]	[illegible]
	000	27	33	47	32	[illegible]	[illegible]
	860	11	20	02	23	[illegible]	[illegible]
	600	4	—	—	160	[illegible]	[illegible]
	050	1½	—	—	180	[illegible]	[illegible]

Nov. 1. Total Contracts 4,571. Calls 3,984. Puts 1,387.

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	1984 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
105⅛	101⅛	Treas. 15pc 1985	101¼	.....	14.82	10.29
102⅝	100	Exch. 12pc Cnv '85	100⅝	.....	11.93	10.30
96¼	93⅞	Treas. 3pc 1985	96¼xd	.....	3.12	10.27
102⅝	99½	Treas 11½pc 1985	100⅝	.....	11.43	10.44
99¾	96⅞	Treas 8¾pc Cnv '85	98⅝	.....	8.87	10.45
104⅞	99⅞	Exch. 12¼pc 1985	101⅞xd	+⅛	12.05	10.56
103⅞	99⅛	Exch. 11¼pc '86	101¼	–⅛	11.60	10.61
102⅞	96⅞	Treas. 10pc Cnv 1986	99¼	–⅛	10.08	10.57
91⅞	88¼	Treas 3pc 1986	91⅞xd	.....	3.27	8.91
102	96⅞	Exch. 10½pc Cv '86	99⅞xd	–⅛	10.52	10.69
104⅞	99⅛	Treas 12pc 1986	101⅝	–⅛	11.81	10.83
98¼	93½	Treas 8½pc 1984-86‡‡	96⅝	.....	8.79	10.62
108⅞	102⅛	Exch 14pc 1986	105¼	.....	13.30	10.98
87⅞	85	Exch. 2½pc 1986	87⅛xd	.....	2.86	9.45
107⅞	100⅞	Exch 13¼pc 1987	103⅞	–⅛	12.75	11.13
100⅞	94½	Treas 10¼pc Cv '87	98¼	–⅛	10.43	11.08
86¼	83¼	Exch 2½pc 1987	85⅞	.....	2.91	9.46
101⅞	94½	Exch. 10½pc 1987	98⅞	–⅛	10.64	11.12
92⅞	87	Funding 6½pc '85-87‡‡	90⅞	–⅛	7.16	10.81
99⅝	92⅞	Treas. 10pc 1987	97⅛	–⅛	10.30	11.28
85	81⅞	Treas 3pc 1987	83⅞	.....	3.58	9.95
105	97¼	Treas. 12pc 1987	101⅞xd	–⅛	11.77	11.22
94⅞	87⅛	Treas 7¾pc 1985-88‡‡	91⅛	–⅛	8.49	10.96
100⅞	92⅞	Exch 10½pc '88	97⅝xd	–⅛	10.76	11.36
98⅞	89⅞	Treas 9¾pc Cv '88	95	–⅛	10.26	11.46
82	77	Transport 3pc '78-88	78⅞	.....	3.81	10.10
96⅞	88⅞	Treas. 9½pc '88	93⅞	–⅛	10.11	11.44
106¼	94⅞	Treas 11½pc 1989	100	–⅛	11.50	11.46
95⅞	87⅞	Treas 9½pc Cnv. '89	94½	.....	10.07	11.13
96½	90⅞	Treas 10½pc 1989	96⅛	–⅛	10.89	11.50
100⅞	88⅞	Exch. 10pc 1989	94⅞	–⅛	10.58	11.50
98¼	94⅞	Exch 11pc 1989	98	.....	11.22	11.51
85⅛	77½	Treas 5pc 1986-89	79⅞	.....	6.26	10.29

Five to Fifteen Years

1984 High	1984 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
112⅛	100⅛	Treas 13pc 1990‡‡	110⅛	+⅛	12.21	11.29
110⅞	100⅛	Exch. 12½pc 1990	105⅝	–⅛	11.99	11.43
93¼	84⅞	Treas 8¼pc 1987-90‡‡	92¼	.....	9.21	10.76
98⅞	90⅝	Treas. 10pc Cv 1990	94⅝	.....	10.60	11.31
107	94¼	Treas 11¾pc 1991	104⅞	–⅛	11.61	11.45
84⅛	75⅝	Funding 5¾pc '87-91‡‡	80⅝	.....	7.17	10.00
105¼	93⅞	Exch. 11pc 1991	98⅝	+⅛	11.9	11.34
112⅝	98⅞	Treas 12¾pc 1992‡‡	109⅞	+⅛	12.00	11.42
100⅝	86	Treas 10pc 1992	95¼	.....	10.67	11.26
97⅞	94⅛	Treas 10½pc Cv 1992‡‡	97⅞	.....	10.89	11.20
111⅛	95⅛	Exch. 12¼pc '92	106¼	.....	10.79	11.46
117½	106⅛	Exch 13½pc 1992	111⅝	+⅛	12.26	11.50
113⅝	98⅛	Treas 12½pc 1993‡‡	109¾	.....	11.80	11.39
78⅛	71⅛	Funding 6pc 1993‡‡	76¼	.....	7.90	10.17
121⅛	106⅛	Treas 13¾pc 1993‡‡	112xd	.....	12.19	11.45
126⅛	108¼	Treas 14½pc 1994‡‡	120½	.....	12.28	11.31
120⅝	106	Exch 13½pc 1994	112	.....	12.08	11.43
114⅛	96⅛	Exch. 12½pc 1994	108¼	.....	11.76	11.40
94½	82⅞	Treas 9pc 1994‡‡	88xd	.....	10.18	10.94
109⅛	94⅞	Treas 12pc 1995	106⅞	.....	11.58	11.38
64¼	58¾	Gas 3pc '90-95	63	.....	4.76	8.36
99⅛	86	Exch. 10¼pc 1995	96⅝	–⅛	10.94	11.26
117⅞	102⅝	Treas 12¾pc 1995‡‡	108⅝xd	–⅛	11.69	11.29
122⅝	106⅞	Treas. 14pc '96	120⅛	+⅛	12.05	11.39
94½	81½	Treas 9pc 1992-96‡‡	88⅞	+⅛	10.26	10.91
134⅞	118¼	Treas 15¼pc 1996‡‡	124¼xd	+⅛	12.22	11.35
122¼	106½	Exch 13¼pc 1996‡‡	113xd	+⅛	11.68	11.16
69½	61¼	Redemption 3pc 1986-96	68	.....	4.43	7.05
120	104½	Treas 13¼pc 1997‡‡	117½	.....	11.65	11.14
104½	87⅞	Exch 10½pc 1997	98½	+⅛	10.89	11.02
92½	77½	Treas 8¾pc 1997‡‡	86⅞	.....	10.25	10.88
134⅝	118¼	Exch. 15pc 1997	124⅝	+⅛	12.06	11.36
95½	84½	Exch. 9¾pc 1998	94⅞	.....	10.59	10.88
78	68	Treas 6¾pc 1995-98‡‡	72¼	–⅛	9.28	10.60
138⅝	123⅞	Treas. 15½pc '98‡‡	130¼	+⅛	11.98	11.27
115	100½	Exch. 12pc 1998	106⅝xd	+⅛	11.19	10.98
96	83⅞	Treas 9½pc 1999‡‡	93¼	.....	10.45	10.75
116¾	104	Exch. 12¼pc 1999	110½	.....	11.21	10.96
104½	91	Treas. 10½pc 1999	97⅞xd	+⅛	10.73	10.80

Over Fifteen Years

1984 High	1984 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
102½	89¼	Convers'n 10¼pc 1999	95½xd	+⅛	10.67	10.79
121½	106⅞	Treas. 13pc 2000	119½	+⅛	11.25	10.90
128½	112⅞	Treas. 14pc '98-01	118⅞xd	.....	11.70	11.17
113¼	98⅝	Exch. 12pc '99-02	111¼	.....	11.13	10.88
98⅞	90	Conv. 10pc 2002	97⅛	+⅛	10.36	10.44
126¼	110¼	Treas. 13¾pc 2000-03	125	+⅛	11.34	10.89
114⅞	101½	Treas. 11½pc 2001-04	108⅞	+⅛	10.75	10.59
50	43¾	Funding 3½pc '99-04	48⅞	–⅛	7.32	9.34
123⅝	107¾	Treas. 12½pc 2003-05	115¼xd	+⅛	10.79	10.55
87½	76⅞	Treas. 8pc 2002-06‡‡	82⅞	+⅛	9.79	10.06
115⅝	100	Treas. 11¾pc 2003-07	113¼	+⅛	10.69	10.50
132¼	117⅝	Treas. 13½pc '04-08	125⅞	+⅛	10.89	10.56
64⅞	56⅛	Treas. 5½pc 2008-12‡‡	61¼	.....	9.11	9.59
[illegible]	72¾	Treas. 7¾pc 2013-15‡‡	82¼	+⅛	9.68	9.82
12[illegible]	108⅞	Exch. 12pc '13-'17	122½	+⅛	10.19	10.09

Undated

1984 High	1984 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
40⅞	35⅞	Consols 4pc	40⅛	+⅛	10.16	—
37⅞	32½	War Loan 3½pc‡‡	35xd	.....	9.92	—
44⅞	40½	Conv. 3½pc '61 Aft.	42⅛	.....	8.32	—
31⅝	27¼	Treas. 3pc '66 Aft.	29⅝	–⅛	10.29	—
25¾	22¼	Consols 2½pc	25	.....	10.08	—
26	23	Treas. 2½pc	25	.....	10.09	—

Index-Linked

1984 High	1984 Low	Stock	(b)	Price £	+ or –	(1)	(2)
1001	101	Treas. 2pc '88	(297.1)	107¼	.....	3.61	4.56
94½	85	Do. 2pc '90	(333.9)	93¼	–⅛	3.67	3.30
109	99¾	Do. 2pc '96	(267.9)	109	.....	3.37	3.67
99	88⅝	Do. 2½pc '01	(308.8)	99	.....	3.21	3.44
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP AND LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BEERS, WINES—Cont.

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australians

Tins

Miscellaneous

NOTES

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	82	......	Arnott	295	......
Craig & Rose £1	611	......	CPI Hldgs	57	......
Finlay Pkg. 5p	42	......	Carrol Inds.	116	......
Higsons Brew	83	......	Dublin Gas	67	......
Holt (Jos) 25p	890	......	Hall (R. & H.)	47	+3
IoM Stm. £1	110	......	Heiton Hldgs.	35	+½
IRISH			Irish Ropes	40	......
Exch. 12% 1985	£99	......	Jacob (W. & R.)	65½	......
Nat. 9¾% 84/89	£84	......	TMG	65	......
Fin. 13% 97.02	£89⅞	−1⅛	Unidare	77	......

OPTIONS — 3-month call rates

Industrials	p	Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	[illegible]	Woolworth Hldg	50
BOC Grp	27	ICI	[illegible]		
BSR	26	'Imps'	[illegible]	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	[illegible]	Cap Counties	16
Beecham	32	Legal & Gen	[illegible]	Land Secs	25
Blue Circle	40	Lex Service	[illegible]	MEPC	25
Boots	16	Lloyds Bank	[illegible]	Peachey	17
Bowaters	25	'Lots'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	[illegible]	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr	[illegible]	**Oils**	
Burton Ord	22	Midland Bk	[illegible]	Brit. Oil & Min.	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6½	Rank Org Ord	24	Ultramar	60
Gen Accident	[illegible]	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22	Charter Cons	24
Grand Met	30	Tesco	16	Cons Gold	58
GUS 'A'	55	Thorn EMI	55	Lonrho	12
Guardian	50	Trust Houses	28	Rio T Zinc	60
GKN	20	Turner Newall	10		
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 27

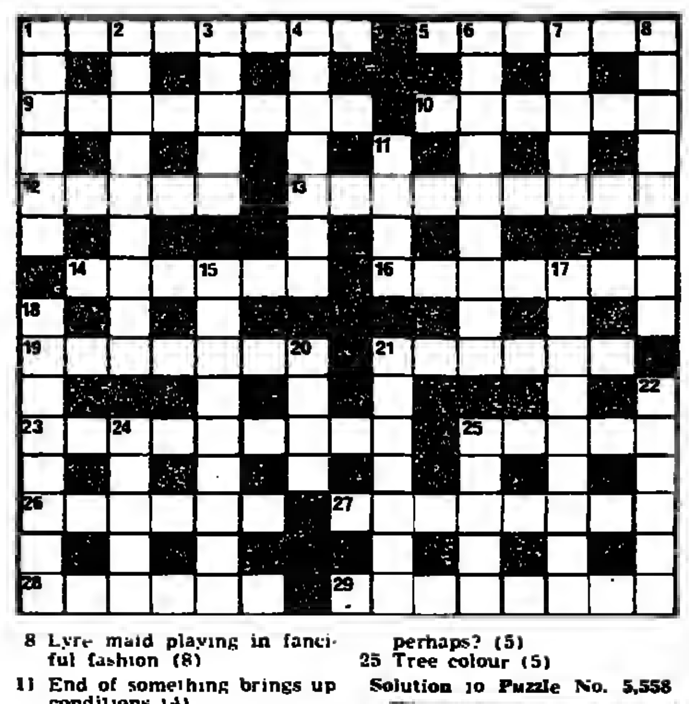
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,559



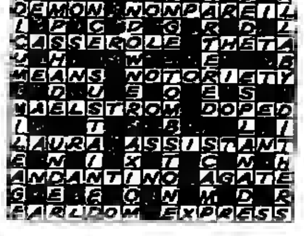
ACROSS

1 Rudimentary number I teach about (8)
5 London street movement (6)
9 Tripping, losing head, performing acrobatics (8)
10 Unwilling in the Church to put on vestments? (6)
12 Annoys informers (5)
13 Best school pupil usually is at peak of condition (2, 3, 4)
14 To make red reduce, cite an instance (6)
16 Dumb girl learner was musical in London (7)
19 Traveller in strong taste seafood (7)
21 Rob's coat (6)
23 Govern state (9)
25 The French hail holidays (5)
26 Supporter of two chaps (6)
27 Pie with local's bubbly will make one muse (8)
26 Over 12, under 20 and small (6)
29 Calk base ropily for inland waters (5, 3)

DOWN

1 Design? Indent for change (6)
2 Flower game (unlike 5?) (9)
3 In Geog lesson, eyes greedily here (5)
4 Silent English must be different (capable of being drawn out) (7)
6 Could be soundly beaten (9)
7 Overcome the party on strike? (5)
8 Lyre maid playing in fanciful fashion (8)
11 End of something brings up conditions (4)
15 Girl randomly musin' about love? All agree (9)
17 Rulers for shorthand-typists? (9)
16 Keep drugs? In the soup? On the contrary (5-3)
20 Mainly rubbish coming up. It's facile (4)
21 Bird follower to follow (7)
22 Classes giving information to age-group (6)
24 I rent building—in Chile, perhaps? (5)
25 Tree colour (5)

Solution to Puzzle No. 5,558



هكذا اصل الاصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

WwdeGthF $11.53 — .... —
Inv. Adv.: M&G Inv. Mngt. Ltd., London.

Wren Commodity Management Ltd
10, St George's St, Douglas, IoM. 0624 25015

Wren Com Fd	12.8	13.3	....	3.10
Chinese Fd	59.9	63.4	....	1.70
PrecMetlFd	122.8	127.7	....	8.30
VangCmdyFd	26.1	26.8	+0.2	0.00
FlaFuturesFd	32.1	33.4	....	—

Yamaichi Dynamic Mngt Co SA
10a Boulevard Royal, Luxembourg.

DynmcGthFd	$9.55	....	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
Mallinhall Ltd				
36 Berkeley Sq. W1X 5DA. 01-499 9934				
M'hallMoyFd	10.00	10.47	Qtr	Call
The Money Market Trust				
63 Qn Victoria St. EC4N 4ST. 01-236 0952				
Call Fund	10.50	10.84	6-mth	Call
7-day Fund	10.49	10.83	6-mth	7day
Oppenheimer Money Management Ltd				
66 Cannon St. EC4N 6AE. 01-236 1425				
Call Fd	10.38	10.64	6-mth	Call
7-day Fund	10.00	10.25	6-mth	7day
MnyMoAc	10.12	10.52	5-mth	Call
Dollar	0.50	8.68	6-mth	2day

Money Market Bank Accounts

	Nom	Apr	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-858 8070				
Treasury Acc	10.375	10.78	Qtr	Call
MthlyIncChAc	10.25	10.74	Mth	Call
Bank of Scotland				
38 Threadneedle St. EC2P 2EH. 01-628 8060				
Cheque Acc	10.10	10.58	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton. 0604 292891				
High Int Chq	10.25	10.95	Qtr	Call
Britannia Grp of Investment Companies				
20 Finsbury Circ. EC2M 5QL. 01-585 2777				
Cater Allen	10.00	10.471	Mth	Call
Charterhouse Japhet plc				
1 Paternoster Row. EC4M 7DH. 01-248 3999				
Sterling	10.25	10.75	Mth	Call
U.S. Dollar	9.50	10.06	Mth	Call
German Marks	5.0	5.10	Mth	Call
Swiss Francs	2.0	2.05	Mth	Call
Japanese Yen	5.8	5.19	Mth	Call
Choulertons				
30 Ashley Rd. Altrincham, Cheshire. WA1 2DW. 061-928 9011				
Cheque Acc	10.59	11.09	Mth	Call
Co-operative Bank				
76-80 Cornhill EC3. 01-628 8543 Ext 484				
Cheque O Snve	8.50	8.77	Qtr	Call
Over £1,000	10.00	10.38	Qtr	Call
Darlington & Co Ltd				
Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Moy Mkt Acc	10.25	10.88	Qtr	Call
Lombard North Central plc				
17 Bruton St. W1A 3DN. 01-409 3434				
Notice Dep	10.50	10.78	Rate	14-day
M & G Kleinwort Benson				
01-99 New London Rd. Chelmsford. 0245 51651				
HighIntCheAc	10.12	19.95	Daily	Call
Midland Bank plc				
PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	10.00	10.35	Qtr	Call
Save & Prosper/Robert Fleming				
29 Western Rd. Romford RM1 3LB. 0708 66966				
HighIntStdAc	9.92	10.10	Daily	Call
Premier Acc	9.62	10.10	Daily	Call
Tyndall & Co				
29-33 Princess Victoria Street, Bristol BS8 4BX. 0272 732247				
Demand Acc	10.19	19.55	Qtr	Call
Money Acc	10.125	10.51	Qtr	Chq 7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth. 0705 827733				
Special Acc	10.20	10.98	Mth	Call
Over £10,000	10.45	10.97	Mth	Call

NOTES—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered prices includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ● Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◎ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

Aluminium surge resumes

BY RICHARD MOONEY

ALUMINIUM PRICES resumed their uptrend on the London Metal Exchange yesterday regaining most of the ground lost in this week's shake-out.

Announcements of producer output cuts and reports of heavy Japanese buying prompted a £77 rise in the cash position last week. But £34 of that was lost in the first three days of this week.

Yesterday the cash price finished £27.50 up at £930 a tonne having been £7 higher at one stage.

Dealers said they were not surprised at the renewed upsurge. The shake-out had been necessary to fill chart gaps left by the earlier dramatic rise, they explained, and the market was encouraged by the fact that the £900 a tonne support level had not been breached.

The bullish mood was shared by other LME markets as speculative buying and covering against earlier short sales brought sharp price rises.

Cash high grade copper moved up £2.75 to a 14½-month high of £1,103.75 a tonne, and cash lead gained £17 to £346 a tonne. Cash zinc was £7 higher at £649.50 a tonne.

The LME silver market fell in the morning, in line with the London bullion market quotation. But it joined in the general upturn during the afternoon to close 7.50p up at 597.50p a troy ounce.

A relatively bleak view of prospects for the silver price was given in a report published yesterday by Shearson Lehman/American Express.

"Barring a major unforeseen world crisis it is not envisaged that silver prices will rise to the levels seen in 1980," the report says.

"Over the next 12 months it is thought that prices will remain above the 1982 low of $4.89 an ounce but will have difficulty rising above $10 an ounce." The present price is equivalent to about $7.25 an ounce.

The assessment is based on a prediction in the report that output of mined silver is likely to continue to increase at a faster pace than consumption.

World stocks of silver are forecast to rise 174m ounces this year taking the total rise over the last five years to 705m ounces, worth more than $5bn at current values. The report says this "colossal hoard" is probably enough in itself to justify a bearish statement on the market.

The report questions the assumption that there is a "true" price ratio between silver and gold. It says the consensus is that the ratio should be about 35 to 1 against 46 to 1 currently, and that the silver price therefore should be higher.

"As the metal becomes more and more associated with industry and advanced technology its link with gold will steadily weaken," the report says. Industrial applications of silver already consume some 55 per cent of western supplies compared with only 15 per cent for gold.

Fruit juice prices to rise 12½%

FRUIT JUICE prices are set to rise by 12½ per cent from the beginning of December, the Food Manufacturers Federation warned yesterday.

Long life orange juice will go up to about 60p a litre in the largest shops, an increase of 6p to 7p, and other juices will go up by similar amounts.

The FMF blamed the strength of the dollar and the continuing world shortage of orange, pineapple and grapefruit concentrates.

Brazil, the biggest exporter of orange juice, had taken advantage of the poor crop in Florida by pushing up its basic export price to $1,800 per tonne, about two thirds more than the price a year ago, the FMF said.

On top of that, the dollar's rise against sterling had added an extra 25 per cent to the cost of imports.

● A TOTAL of 39,200 tonnes of UK-produced butter is being made available for sale to British consumers at a reduced price as a result of special EEC measures.

A maximum retail price of 42p per 250 grammes will be set, it was announced yesterday. However, in many shops the price should be lower. The butter is expected to be in the shops from January 14, 1985.

Suppliers of packet butter to the retail market (including suppliers of imported butter from the Community and New Zealand) will be allocated shares from UK intervention stocks based on their sales in the last 12 months.

● NEGOTIATIONS for a new International Cocoa Agreement will definitely be reconvened but the date is yet to be decided, Sr Mario Aleman of Ecuador, chairman of the current Geneva conference, said yesterday. The conference ends today.

● EXPORT duties on most grades of Malaysian rubber have been cut to 2½ cents per kilo from 2¾ cents.

Border farmers take to modern methods

WHEN I first came to know the Tweed Valley, the border between England and Scotland, some 30 years ago, it was the epitome of traditional Scottish farming. Much of the land, particularly the river banks was and still is first-class arable, and as a sign of past prosperity the *farm houses large and surrounded by enormous steadings (farm buildings).*

The balance then was fairly struck between grain and livestock. Every farm grew huge acreages of turnips for the winter feed of sheep and beef cattle in yards, malting barley was a particular speciality, and few of the larger farmers *demeaned themselves enough* to milk dairy herds.

Compared with the south of England the winters are about a month longer and harvest a good fortnight later.

This last characteristic which applies to the whole of north-east Scotland has proved to be of prime importance in cereal growing where yields are rather better than in the south and grain quality easier to secure.

This is an interesting point, due I think ot the delayed maturity of the cereal plant under these conditions. I have always noticed that wheat yields in the central areas of France are never as good as similar crops would have been in southern England where harvest is a fortnight or more later, giving the plants longer to develop before being forcibly ripened off by hot weather. There is a similar difference of latitude between say Hampshire and the Tweed Valley.

After being rather slow to follow the cereal growing *specialists in the south* and *east* of England, these Border farmers have suddenly taken to it in a big way and with spectacular results. The first indications are that very few turnip fields are to be seen although they do

Farmer's Viewpoint: by John Cherrington

still exist, probably on the farms of the older generation. There are nothing like as many sheep as there used to be nor as many beef cattle. Spring sown malting barley has given way to winter wheat and barley. Most of it was planted by the last week of October and showing well in drill.

In fact Border farmers are feeling rather sour about the malting trade, claiming that maltsters had been persuading them to grow this type of barley only to find that after harvest the market was glutted and trade was very poor indeed. This was hardly the maltsters fault. They were not to know that Denmark had large stocks in intervention stores and that malt sales world-wide were in a sorry state. Hence the increasing planting of winter barley which yields better than spring sown and is worth just as much as if it has to be sent to intervention.

The yields they have been *achieving, not only on the good* land but on some pretty thin hill soil as well, made me realise that we in the South have a long way to go to catch up with them. One of my friends is a member of a group of farmers who employ their own consultant to monitor their farms and tell them what to do and where to buy the cheapest chemicals.

I raised, somewhat diffidently, the question of over-production. What was going to happen to all this grain, with markets almost non-existent and record amounts in line for intervention? This bothered them not. They read the papers and know that the dollar is strong. They believe that this means that they will be able to compete with U.S. grain on world markets, and it is the U.S. price which governs the world price.

I have met this attitude elsewhere, particularly among the young dynamic type of farmer such as these. They are confident of being able to hold and increase these yields, and what is more they are certain that this year's harvest was not a one-off phenomenon but merely a foretaste of what is to come. As far as that is concerned I am sure they are quite right.

Where I think they may err is in believing that the weakening of sterling against the dollar is going to be permanent. If the rate returned to the $1.50 of a year ago export restitutions would have to rise from nil to about £25 per tonne for wheat and from £16 per tonne to over £40 for barley.

It is also worth querying if the world market would be able to absorb much more grain. For the past few years total grain trade excluding rice has been about 100m tonnes each of wheat and coarse grains. Of this, a large proportion, probably half, has been sold either to Russia and other Communist countries or on special credit and aid terms.

If you look at the lines of latitude it shows that a significant area of the USSR is on the same belt as the UK between 50° and 60°. If they ever learn to farm as well as the Scots there is no reason why they should not do as well in production. Where would the markets be then?

Good start for soyabean options

By Nancy Dunne in Washington

CHICAGO Board of Trade officials were jubilant late Wednesday at the end of the first day's trading of soyabean options.

In spite of a lack-lustre soyabean market, floor traders rallied to support the exchange's first agricultural option and pushed volume above the 3,700 lots level. Officials also set a February 15 date for the start of trading in maize options.

Trading in the other farm options, which began Tuesday, was disappointing. On the second day of its live cattle contract, the Chicago Mercantile Exchange reported a volume of just 312.

The Kansas City Board of Trade reported only 47 wheat options traded and the Minneapolis Grain Exchange reported 79 in wheat options.

'Too soon' to assess rain's effect on Colombian coffee

BOGOTA — Colombia's coffee crop has been affected by heavy rainfall over the last fortnight but it is too early to quantify the eventual loss for the 1984-85 crop, according to Sr Gilberto Arango, Coffee Exporters' Association president.

He said at least 25 per cent of Colombia's coffee growing areas was suffering heavy rains. The areas are in parts of Antioquia, Caldas, Quindio and Risaralda.

It was "very premature, even imprudent, to estimate the volume of losses."

Sr Arango said a figure of up to 2.5m bags being adversely affected mentioned by a Merrill Lynch coffee trader in New York, was probably exaggerated.

Sr Jorge Cardenas, president of the Coffee Growers' Federation, said last week that Colombian coffee production this season would at least equal the 13.4m (60 kg) bags produced in 1983-84. The bad weather would have no long-term effects.

A Federation official said exports would not be affected because the country had stocks of about 12m bags.

Colombia was granted an export quota of 9.16m bags for the 1984-85 coffee year by the International Coffee Organisation.

Sr Arango said picking was being slowed because workers could not work normal hours and continuous rain was also preventing flowering in some areas.

A private exporter said the crop is likely to be delayed

Reuter

TV campaign aims to promote Irish beef image

BY BRENDAN KEENAN IN DUBLIN

THE BRITISH chewed their way through £150m worth of Irish beef last year, but research shows that the average British housewife has never heard of the stuff.

The vast bulk of Irish beef is sold in Britain without any label of origin, and beef producers do not benefit from a price premium such as is paid for its Scottish rival, or other products with a quality reputation like Welsh lamb or Danish bacon.

Yet the same research shows that the British consumer is better disposed towards Irish meat than might have been imagined. Most people questioned thought—wrongly—that they had never eaten Irish beef, but imagined that it would be a high-quality product, produced in natural conditions.

This lack of brand image is an old story in Irish agriculture. But now, with the help of television personality, Mr Henry Kelly, another attempt is being made to persuade buyers for leading UK supermarkets that it is worth labelling Irish beef as such.

The Midlands has been chosen for an intensive four-week television campaign which will be backed by point-of-sale material.

This approach by the Irish Livestock and Meat Board, follows the failure of attempts to market Irish meat under a single brand name, as is done with butter. The supermarkets, it seems are not keen on sharing a brand name with their rivals.

If the Midlands experiment if successful it will be followed by others in different regions, but the Irish have still only a limited strategy, and limited resources, for promoting their beef as a premium product on the UK market.

One problem is that production is still largely seasonal, whereas, if Irish beef were to acquire an honoured place on the butchery counter buyers would expect consistent quality supplies all year round.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL prices firmed on the London Metal Exchange although most rises were pared by sterling's afternoon strength against the dollar. Copper opened higher in active trading and touched £1,131 before falling ...

NICKEL

COPPER

SILVER

TIN

LEAD

ZINC

ALUMINIUM

COCOA

COFFEE

GRAINS

SUGAR

LONDON DAILY SUGAR—Raw sugar $123.50 (£101.00), unchanged (down 50p), a tonne for Oct-Nov-Dec delivery. White sugar $166.00, down $1.00.

MEAT/FISH

PIGMEAT

POTATOES

RUBBER

SOYABEAN MEAL

WOOL FUTURES

INDICES

FINANCIAL TIMES

Oct. 31	Oct. 30	M'th ago	Year ago
392.40	393.00	389.75	285.65

(Base: July 1 1952 = 100)

REUTERS

Nov. 1	Oct. 31	M'th ago	Year ago
1901.1	1895.8	1884.7	1678.4

(Base: September 18 1931 = 100)

DOW JONES

MOODY'S

Oct. 31	Oct. 26	M'th ago	Year ago
968.5	962.2	967.3	1020.8

(Base: December 31 1931 = 100)

COTTON

LIVERPOOL — Spot and shipment sales amounted to 36 tonnes. Buyers were extremely cautious. Demand was equally curtailed, and despite interest being shown in some special Middle Eastern growths, activity was severely restrained.

Water erosion survey planned

By Mary Cherry

THE SOIL Survey of England and Wales is embarking on a three-year joint project with the Ministry of Agriculture, to assess where water erosion of soils is happening or could soon be happening. And, following publication of the National Soil Map last year, six bulletins describing the soils of the six sheets of the map have been produced.

Soil maps are the basic tool for assessing the potential or weaknesses of soils.

The National Soil map, which uses a scale of ¼ in to a mile, is useful for strategic purposes; for locating land which is suitable for specific uses.

More detailed maps are needed to provide information for the efficient implementation of that use. So the Soil Survey staff have recently embarked on work to provide maps at a scale of ¼ in to a mile for those parts of England and Wales for which such detail is not already available.

The Survey is based at Rothamsted experimental station, Harpenden.

LONDON OIL

SPOT PRICES

GAS OIL FUTURES

GOLD MARKETS

Gold rose $2 an ounce from Wednesday's close in the London bullion market yesterday to finish at $335½-336. The metal opened at $334-334½ and traded between a high of $335¾-336¼ and a low of $333¼-333¾. Trading was rather quiet with business confined to a narrow range partly due to the closure of some European centres for a holiday.

In Frankfurt the 12½ kilo bar was fixed at DM 32,480 per kilo ($334.46 per ounce) against DM 33,640 ($335.02) and closed at $333¼-334¼ from $333¾-334.

In Zurich gold finished at $335½-336 from $332½-333.

LONDON FUTURES

EUROPEAN MARKETS

ROTTERDAM, Nov. 1.

AMERICAN MARKETS

NEW YORK, November 1.

Precious metals rallied off the currencies with most of the support provided by arbitrage, reports Heinold Commodities. The long range bearish outlook appears to be unchanged despite the recent stability in gold and silver. Copper prices advanced moderately on arbitrage buying but ... Sugar traded moderately higher despite improved harvesting conditions in Europe and lower than market sales by Colombia for forward delivery. Cotton was sharply higher as heavy precipitation is drenching the upper Delta. Coffee came under light selling pressure from dealer selling; roaster buying ...

NEW YORK

CHICAGO

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Lower rates depress dollar

The dollar lost ground in currency markets yesterday on the prospect of lower U.S. interest rates. Trading in the morning was rather quiet due to the closure of much of Europe for All Saints Day. During the afternoon New York entered the market as a net seller of dollars and comments made by U.S. Treasury Secretary Donald Regan suggesting a greater scope for lower interest rates, saw the dollar fall rapidly in late trading. The thin nature of trading at this time produced a defensively wide 50 point spread against some currencies.

Against the D-mark it fell to a low of DM 2.9880 before recovering to finish at DM 2.9900, down from DM 3.0300 on Wednesday and its first close DM 3.00 since September 12. Elsewhere it eased to SwFr 2.4600 from SwFr 2.4940 and Y244.35 compared with Y245.70. It was also weaker in terms of the French franc at FFr 9.1800 from FFr 9.2925. On Bank of England figures, the dollar's index fell to 140.5 from 141.3.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.1875. October average 1.2297. Exchange rate index 75.6 on Wednesday and 79.2 six months ago.

Sterling was slightly firmer overall, mainly at the expense of the dollar, since it was mostly weaker against major European currencies. Slightly softer UK interest rates and increased speculation of a reduction in UK clearing bank base rates were offset by lower U.S. interest rates. Sterling rose to a best level of $1.2345-1.2355 at the close up 1.4c from Wednesday.

Against the D-mark it fell to DM 3.6950 from DM 3.7050 and SwFr 3.0400 from SwFr 3.0475. It was also weaker against the French franc at FFr 11.3350 from FFr 11.3450 but improved slightly against the yen to Y301.50 compared with Y3000.0.

D-MARK — Trading range against the dollar in 1984 is 3.1410 to 2.5535. October average 3.0676. Trade-weighted index 12.0 against 125.0 six months ago.

The dollar was fixed at DM 3.0205 against the D-mark at yesterday's fixing in Frankfurt, down from DM 3.0296 on Wednesday. There was no intervention by the Bundesbank at the fixing and it seemed unlikely that there was any open market intervention. Trading volume was restricted by the closure of some U.S. centres for a holiday. The dollar's weaker tone was attributed principally to a weaker trend recently in U.S. interest rates.

Sterling was also weaker at DM 3.6880 from DM 3.6900, while the Swiss franc slipped to DM 1.2132 from DM 1.2159. Within the EMS, however, the Belgian franc was a little higher at DM 9560 per BFr 100 from DM 4.9550 and the French franc improved to DM 32.615 per FFr 100 from DM 32.570.

STERLING EXCHANGE RATE INDEX

(Bank of England)

	Nov 1	Previous
8.30 am	—	—
9.00 am	74.8	74.7
10.00 am	74.9	74.7
11.00 am	74.8	74.8
Noon	74.9	74.8
1.00 pm	74.9	74.9
2.00 pm	74.9	75.0
3.00 pm	75.0	74.8
4.00 pm	75.0	74.9

New York rates

	November 1	Prev. close
£ Spot	$1.2340-1.2350	$1.2205-1.2215
1 month	0.08-0.07 pm	0.10-0.08 pm
3 months	0.08-0.05 pm	0.11-0.08 pm
12 months	0.55-0.65 dis	0.47-0.60 dis

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu October 31	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	44.9907	+0.20	+0.46	±1.5428
Danish Krone	8.14104	8.05749	−1.03	−0.77	±1.6421
German D-Mark	2.24184	2.22893	−0.58	−0.32	±1.1463
French Franc	6.87456	6.83652	−0.55	−0.29	±1.3659
Dutch Guilder	2.52595	2.51330	−0.50	−0.24	±1.5165
Irish Punt	0.72569	0.722379	−0.46	−0.20	±1.6671
Italian Lira	1403.49	1383.57	−1.42	−1.42	±4.0611

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Nov 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2185-1.2355	1.2345-1.2355	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Nov 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2185-1.2355	1.2345-1.2355	[illegible]	[illegible]	[illegible]	[illegible]
Ireland†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
W. Ger.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portugal	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switz.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

OTHER CURRENCIES

Nov. 1	£	$		Note Rates
Argentina Peso	[illegible]	[illegible]	Austria	[illegible]
Australia Dollar	[illegible]	[illegible]	Belgium	[illegible]
Brazil Cruzeiro	[illegible]	[illegible]	Denmark	[illegible]
Finland Markka	[illegible]	[illegible]	France	[illegible]
Greek Drachma	[illegible]	[illegible]	Germany	[illegible]
Hong Kong Dollar	[illegible]	[illegible]	Italy	[illegible]
Iran Rial	[illegible]	[illegible]	Japan	[illegible]
Kuwait Dinar (KD)	[illegible]	[illegible]	Netherlands	[illegible]
Luxembourg Fr.	[illegible]	[illegible]	Norway	[illegible]
Malaysia Dollar	[illegible]	[illegible]	Portugal	[illegible]
New Zealand Dlr.	[illegible]	[illegible]	Spain	[illegible]
Saudi Arab. Riyal	[illegible]	[illegible]	Sweden	[illegible]
Singapore Dollar	[illegible]	[illegible]	Switzerland	[illegible]
Sth African Rand	[illegible]	[illegible]	United States	[illegible]
U.A.E. Dirham	[illegible]	[illegible]	Yugoslavia	[illegible]

* Selling rates.

CURRENCY MOVEMENTS

Nov 1	Bank of England Index	Morgan Guaranty Changes %
Sterling	[illegible]	[illegible]
U.S. dollar	[illegible]	[illegible]
Canadian dollar	[illegible]	[illegible]
Austrian schilling	[illegible]	[illegible]
Belgian franc	[illegible]	[illegible]
Danish Kroner	[illegible]	[illegible]
Deutsche mark	[illegible]	[illegible]
Swiss franc	[illegible]	[illegible]
Guilder	[illegible]	[illegible]
French franc	[illegible]	[illegible]
Lira	[illegible]	[illegible]
Yen	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	[illegible]	[illegible]	N/A
U.S. $	[illegible]	[illegible]	N/A
Canadian $	[illegible]	[illegible]	N/A
Austria Sch.	[illegible]	[illegible]	N/A
Belgian Fr.	[illegible]	[illegible]	N/A
Danish Kr.	[illegible]	[illegible]	N/A
D mark	[illegible]	[illegible]	N/A
Guilder	[illegible]	[illegible]	N/A
French Fr.	[illegible]	[illegible]	N/A
Lira	[illegible]	[illegible]	N/A
Yen	[illegible]	[illegible]	N/A
Norwgn Kr.	[illegible]	[illegible]	N/A
Spanish Pta.	[illegible]	[illegible]	N/A
Swedish Kr.	[illegible]	[illegible]	N/A
Swiss Fr.	[illegible]	[illegible]	N/A
Greek Dr'ch	[illegible]	[illegible]	N/A
Irish Punt	[illegible]	0.976079	N/A

*CS/SDR rate for October 31: 1.30875

EXCHANGE CROSS RATES

Nov. 1	Pound St'rling	U.S. Dollar	Deutsche m'rk	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U.S. Dollar	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschemark	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen 1,000	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc 10	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]
Italian Lira 1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]
Canadian Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]
Belgian Franc 100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 1	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days' notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Asian $ (closing rates in Singapore): Short-term [illegible] per cent; seven days [illegible] per cent; one month [illegible] per cent; three months [illegible] per cent; six months 10⅜-10⅝ per cent; one year 10⅝-11 per cent. Long-term Eurodollars: two years 11⅛-11⅜ per cent; three years 12-12¼ per cent; four years 12⅜-12⅝ per cent; five years 12½-12⅝ per cent nominal rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Staying strong

Interest rate futures were very strong on the London International Financial Futures Exchange yesterday, although traders were at a loss to find any specific reason for the sudden wave of enthusiasm sweeping the markets in both London and Chicago.

During the morning most contracts were firm, but trading was quiet. The weaker dollar helped to underpin sentiment, but the U.S. currency was showing little movement, and it was not until the opening of U.S. markets that trading picked up. The dollar eventually fell below DM 3.00, but during Liffe trading was still weak enough to boost the U.S. bond market, which in turn pushed up values of bonds and Eurodollar contracts on the futures market.

Anticipation of a fall in U.S. M1 money supply was offset by the high level of Federal funds, which remained above 10 per cent in New York, despite the injection of funds into the banking system by the Federal Reserve.

Apart from continuing confidence that President Reagan will be re-elected next Tuesday, there was little else to boost the market, but sentiment became increasingly bullish.

Sterling denominated interest rate contracts moved in sympathy with Eurodollars.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%†

	Close	High	Low	Prev
Dec	89.74	89.75	89.64	89.67
March	89.35	89.35	89.24	89.30
June	88.97	89.05	88.93	88.92
Sept	88.58	88.58	88.58	88.53
Dec	88.24	—	—	88.19

Estimated volume 4,760 (5,494)
Previous day's open int 10,964 (10,968)
† Repriced

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March*	[illegible]	[illegible]	[illegible]	[illegible]
June*	[illegible]	[illegible]	[illegible]	[illegible]
Sept*	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]
* £500,000 points of 100%
† Repriced

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) [illegible] (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	—	—	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	[illegible]	—	—	[illegible]

Estimated volume nil (nil)
Previous day's open int [illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	[illegible]	—	—	[illegible]

Estimated volume nil (nil)
Previous day's open int [illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Dec	115.80	115.80	114.50	114.95
March	115.70	115.75	114.80	115.05

Estimated volume 759 (847)
Previous day's open int 650 (722)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Dec	71-11	71-14	70-28	71-02
March	70-18	—	—	70-09

Estimated volume 1,834 (2,842)
Previous day's open int 1,957 (1,867)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	70-25
March	[illegible]	[illegible]	[illegible]	70-01
June	[illegible]	[illegible]	[illegible]	69-14
Sept	[illegible]	[illegible]	[illegible]	68-29
Dec	[illegible]	[illegible]	[illegible]	68-14
March	[illegible]	[illegible]	[illegible]	68-01
June	[illegible]	[illegible]	[illegible]	67-22
Sept	—	—	—	—
Dec	—	—	—	67-03
March	—	—	—	66-27
June	—	—	—	66-20

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	90.85
March	[illegible]	[illegible]	[illegible]	90.48
June	[illegible]	[illegible]	[illegible]	90.10
Sept	[illegible]	[illegible]	[illegible]	89.73
Dec	[illegible]	[illegible]	[illegible]	89.38
March	[illegible]	[illegible]	[illegible]	89.04
June	[illegible]	[illegible]	[illegible]	88.77
Sept	[illegible]	[illegible]	[illegible]	89.52

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	90.06
March	[illegible]	[illegible]	[illegible]	89.66
June	[illegible]	[illegible]	[illegible]	89.24

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	89.88
March	[illegible]	[illegible]	[illegible]	89.28
June	[illegible]	[illegible]	[illegible]	88.87
Sept	[illegible]	[illegible]	[illegible]	88.49
Dec	[illegible]	[illegible]	[illegible]	88.08
March	[illegible]	[illegible]	[illegible]	87.76
June	[illegible]	[illegible]	[illegible]	87.42
Sept	[illegible]	[illegible]	[illegible]	87.16

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	1.2250
March	[illegible]	[illegible]	[illegible]	1.2255
June	[illegible]	[illegible]	[illegible]	1.2265
Sept	[illegible]	[illegible]	[illegible]	1.2275
Dec	[illegible]	[illegible]	[illegible]	1.2190

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	[illegible]	[illegible]	[illegible]	67-25
March	67-11	67-12	67-02	66-31
June	66-19	66-24	66-19	66-12
Sept	—	—	—	65-30
Dec	—	—	—	65-17
March	—	—	—	—
June	65-11	65-17	65-11	64-26

Public Notices

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.

7½% Debenture Stock 1990/92

Notice is hereby given that the REGISTERS of the CORPORATION'S above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 19th to 30th November 1984, both days inclusive.

By Order of the Board
H. J. McTurk, Secretary

48 Palmerston Place, Edinburgh EH12 5BR

2nd November, 1984

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Announcements

Mrs. N. J. Cutts (33), Principal, has been appointed Partner in the International Executive search firm.

JOHN STORK & PARTNERS

She will have responsibility for both the Netherlands and Belgium.

MR. C. J. HEINE (41), Consultant, has been appointed Principal in the Amsterdam office.

MONEY MARKETS

Attention turns back to base rates

Sentiment has improved on the London money market recently. This is now giving rise to renewed speculation about a cut in clearing bank base rates. There were similar expectations about the same time last month, but these were dashed by the disappointing September money supply figures and the weakness of sterling on the foreign exchanges. Next Tuesday's money supply figures are expected to be much better, and the pound has shown a partial recovery lately, helped by the weakness of the dollar. Three-month interbank closed at 10 1/16 per cent, after opening at 10 3/16 per cent, and discount houses bank bills fell to 9 15/16 per cent, buying rate for three-month from 9 15/16 per cent on Wednesday.

UK clearing banks' base lending rate 10½ per cent (since August 29)

The Bank of England forecast a money market shortage of £900m, and provided total assistance of £883m. Most of the help was through repurchase agreements on bills to be resold to the market later this month. The authorities offered an early round of help and at that time bought £171m bills, including £17m outright, by way of £1m bank bills in band 1 (up to 14 days maturity) at 10½ per cent; £14m bank bills in band 2 (15-33 days) at 10⅜ per cent; and £2m bank bills in band 3 (34-63 days) at 10¼ per cent. Another £154m bills were purchased for resale on November 30 at a rate of 10⅜ per cent.

Further help of £557m was given before lunch. A total of £39m bills were bought outright, through £35m bank bills in band 1 at 10½ per cent, and £4m bank bills in band 2 at 10⅜ per cent. Another £518m bills were also purchased for resale to the market on November 15 at 10½ per cent.

In the afternoon the Bank of England bought £135m bills, of which £23m were purchased outright, by way of £22m bank bills in band 1 at 10½ per cent, and £1m bank bills in band 2 at 10⅜ per cent. At the same time £112m bills were bought for resale on November 7 at 10½ per cent.

Bills maturing in official hands, and a take-up of Treasury bills drained £362m, with Exchequer repayment of late assistance, transactions absorbing £382m; a rise in the note circulation £35m; and bank balances below target another £105m. There were no significant offsetting factors.

MONEY RATES

Nov. 1	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.60-5.69	10⅞	2¼-2⅜	5½-5⅝	6.21875	16⅞-17¼	11.65	12⅝-12⅞
One month	5.60-5.75	10 5/16-10 7/16	4 5/16-4 7/16	5¾-5⅞	6.28175	17-17⅛	10⅞-11⅛	12⅞-15⅛
Two months	6.00-6.10	10 5/16-10 7/16	—	—	—	—	—	13-13¼
Three months	5.95-6.10	10 5/16-10 7/16	5-5⅛	5 5/16	6.34375	17¼-17⅝	10⅛-11⅛	15⅛-15⅜
Six months	5.95-6.10	10¼-10⅜	—	6⅛-6¼	—	—	10⅞-11⅛	15⅜-15⅝
Lombard	5.5	—	—	—	—	—	—	
Intervention	—	11	—	5¾	—	—	—	

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

Nov. 1 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
2 days notice	—	—	[illegible]	—	—	—	—	—	—	—
7 days notice	—	—	—	—	—	—	—	—	—	—
7 days or	—	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	[illegible]	—	[illegible]
Nine months	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Nine months	[illegible]	—	[illegible]	[illegible]	—	—
One year	[illegible]	—	[illegible]	[illegible]	[illegible]	[illegible]
Two years	—	[illegible]	—	—	—	—
Three years	—	[illegible]	—	—	—	—
Four years	—	[illegible]	—	—	—	—
Five years	—	[illegible]	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of interest period September 5 to October 2 1984 (inclusive): 10.904 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 11 per cent from November 1 1984. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Deposit Rates for sums at seven days' notice [illegible] per cent. Treasury Bills: Average tender rates of discount 10.0520 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10⅛ per cent; one-three months 10⅜ per cent; three-six months 10⅛ per cent; six-nine months 10⅛ per cent; nine-12 months 10⅛ per cent. Under £100,000 10⅛ per cent from October 25. Deposits held under Series 5 10⅛ per cent. The rates for all deposits withdrawn for cash 7 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	[illegible]
Broker loan rate	[illegible]
Fed funds	[illegible]
Fed funds at intervention	[illegible]

Treasury Bills

One month	7.95
Two month	8.40
Three month	8.97
Six month	9.15
One year	9.25

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	[illegible]
Five year	[illegible]
Seven year	[illegible]
10 year	[illegible]
30 year	[illegible]

FT LONDON INTERBANK FIXING

(11.00 a.m. November 1)
3 months U.S. dollars

bid 9 15/16	offer 10 1/16

6 months U.S. dollars

bid 10 1/16	offer 10 3/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, October 31, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of October 31 at 11.00 a.m.
3 months: 10 1/16 6 month: 10⅛

ECU=$US.735426 SDR1=$US.996134
Sibor as of October 31 at 11.00 a.m.
3 months: 10 1/16 6 months: 10 1/16

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.69
Albania	Lek	8.5011
Algeria	Dinar	5.0879
Andorra	Fr. Franc	9.295
	Sp. Peseta	169.95
Angola	Kwanza	29.918
[illegible]	[illegible]	[illegible]
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	9.295
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	84.3609
Guinea Rep	Syli	24.7811
[illegible]	[illegible]	[illegible]
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	401.50
Peru	Sol (o)	4427.16
Philippines	Peso	20.115
Pitcairn Is	N.Z. Dollar	2.0499
Poland	Zloty (D) (3)	125.64
Portugal	Escudo	164.00
[illegible]	[illegible]	[illegible]

n.a. Not available. (m) Market rate. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (o) Official rate. (p) Preferential rate. [illegible]

INTERNATIONAL CAPITAL MARKETS

OVER-THE-COUNTER

Continued from Page 28

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Swedish $500m floating rate note steals the show

BY MAGGIE URRY IN LONDON

SWEDEN again stole the show in the Eurodollar bond market yesterday as the result of the tender for a $500m floating rate note issue was announced. The average price at which the notes were sold was 99.28 – higher than the market had anticipated and the issue looked to be heavily oversubscribed.

The 15-year notes pay interest equivalent to the six-month London interbank bid rate for Eurodollars. The tender price gives a cost of funds to Sweden of a mere 8 basis points over London interbank offered rate (the usual benchmark) on a per cent value basis to the five year put option, thought to be the cheapest cost of borrowing yet seen in the market.

Bids between 99.25 and 99.35 were accepted, with nine banks each getting over $5m worth of the notes.

Yesterday morning, as the tender result was announced, a bid was seen in the market for $300m worth of the issue. The notes traded around the 99.30 level, and unsuccessful bidders bemoaned their caution. Other FRN issues rose in response.

Three other issues were launched in the Eurodollar bond market yesterday. Goldman Sachs lead managed a $100m plain straight issue for U.S. Kleenex group Kimberley Clark. The 10-year maturity, like Finland's issue on Wednesday, is expected to appeal to the market. The coupon was set at 12 per cent and the issue price at par. The bonds traded around 98½, well inside the 2 per cent fees, compared with a par issue price.

Credit Suisse First Boston launched a $100m with warrants issue for Credit Suisse itself, through its Panama company. The bonds, priced at 100 and warrants issued at $36, have a seven year life, with a 11¾ per cent coupon on both the host and underlying bonds. The host bonds can be called at 101 to the extent that the warrants are exercised.

Daiwa (Europe) launched a $50m convertible issue for Star Manufacturing, the watches and electronics group. The yield was indicated at 3½ per cent, and the conversion premium at 5 per cent. The issue traded over par.

Eurodollar bonds gained a ¼ point or more yesterday again spurred by the advance in the New York bond market.

The Swiss franc bond market moved ahead, with bonds up ¼ point.

D-Mark bonds were steady in quiet trading.

WEEKLY U.S. BOND YIELDS (%)

	Oct 31	Oct 24	1984 High	1984 Low
Composite Corp. AA	12.18	12.19	14.23	12.16
Government:				
Long-term	11.59	11.59	13.69	11.51
Intermediate	11.71	11.70	13.79	11.33
Short-term	11.07	11.13	13.22	10.70
Municipal	10.13	10.13	11.14	9.48
Industrials AAA	11.72	11.70	13.66	11.70
Industrials AA	12.03	12.12	14.13	12.02
Utilities AA	12.29	12.26	14.45	12.28
Preferred Stocks	11.54	11.57	12.17	11.07

Source: Standard & Poor's

Turkish borrowing may hit $1bn

BY DAVID BARCHARD IN ANKARA

TURKEY will approach the international money markets to borrow $500m during 1985.

The major Western banks – which earlier this year helped arrange a $300m facility to Turkey – are expecting borrowing on this scale to finance Turkey's continuing trade and current account deficit, likely to be around $2bn and $1.5bn respectively this year.

Some bankers feel that the figure of $500m for borrowing from commercial banks may be too conservative and that requirements could average nearer $1bn annually over the next few years.

Most bankers, however, are encouraged by the improvement in Turkey's trading performance since 1980 and more particularly since Mr Turgat Ozal's return to office last year opened the way for aggressive exporting policies.

BHF Bank bond average

Oct 11		Previous
101.765		101.766
High	1984	Low
101.818		98.056

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for November 1.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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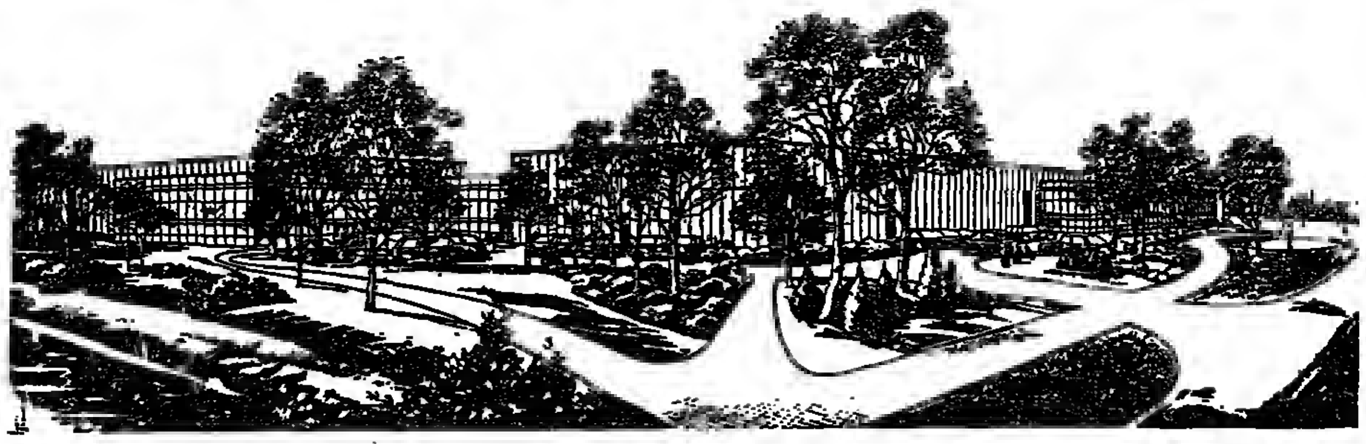
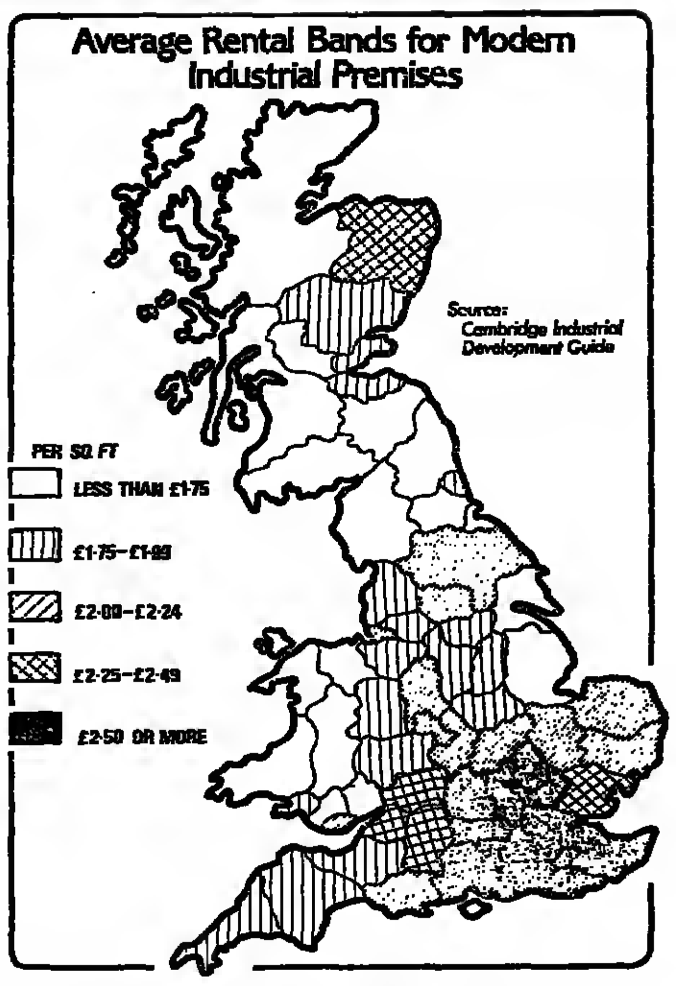
FINANCIAL TIMES SURVEY

Industrial Property

There are indications that both the investment market and rents are improving. More adaptable buildings suitable for different uses are beginning to replace the traditional 'sheds'





By William Cochrane

REVOLUTION AND redundancy have been the twin themes in industrial property this year. The market has been a two-way street, with plans for hi-tech—or, more commonly, high-specification buildings with a lot of quasi-office content—flooding off the drawing boards, while the standard industrial shed has become a term of disparagement.

In the main, there has been progress of a sort. The overhang of vacant factory and warehouse space, according to agents King & Co in September, fell by some 6 per cent to 153.4m sq ft during the four months to mid-August. The decrease for factories at 7.3 per cent was greater than for warehousing (4.6 per cent).

King & Co estimated that the number of buildings under construction for occupation within six months also showed a further decrease at 9m sq ft (9.6m four months earlier) which represented just over half of the total recorded in December 1980; they also noted a continuation of a mild feeling of optimism among users. On the face of it this could *lead to growth in market rents.*

However, the property team at stockbrokers Scrimgeour, Kemp-Gee were not disposed to take this view. They said: "Given a time-lag of nine months to a year between new orders being received and the resulting space being picked up by King & Co under new construction for occupation within six months, it is likely that the mid-April 1985 figures will see a sharp reverse in the trend of declining new buildings."

Looking at demand they had noted various indications, notably destocking, flat manufacturing output and the continued rise in unemployment, which suggested that demand for industrial space may at best remain flat in 1985 "and more likely take a downturn."

"We do not mean," they said, "the new generation of high-specification (hi-spectec?) quasi-offices which are currently stealing not only the limelight but rental growth as well." But here, too, they were cautious—matching the view taken by some agents and some developers.

"Since this type of space could soon become oversupplied too, judging by the number of schemes mooted, the choice of quality accommodation available to a prospective occupier will widen further, especially in the South-East," they said.

The background to this is history. At the end of July, agents Debenham Tewson and Chinnocks in a study of industrial rents and rates, calculated that rents in real terms had fallen since 1973 by up to 30 per cent in some cases, with an average decline of 20 per cent.

Although rents as measured with regard to 16 leading industrial areas rose by 2.7 per cent in 1984 against a 1 per cent rise in 1983, this was once again below the rate of inflation.

D T and C suspected that, without the widespread use of non-rental letting incentives—such as the payment of fitting out costs, relocation expenses, rent-free periods and so on—to attract tenants, rents would probably show a decline.

On new styles of industrial property, they said that a specific survey of rents and rateable values in seven science parks and commercial-business parks revealed that rents could be up to 100 per cent greater than nearby standard industrial premises, but lower than comparable prime office rents.

"Valuation of the mixed-use buildings for rating purposes appears to be more cautious," said D T and C, "and the variation in rateable values between these buildings and standard industrial accommodation in the survey was not as marked as that for rents."

On the face of it, the problem seems initially one of projection—or the lack of it. Rents for the industrial/office hybrid tend to be established by reference to levels for the individual components—simplistically, if the office/industrial split is 50:50 and the existing rental levels £10 and £3 a foot respectively, the new genre would come out at a £6.50 average figure.

However, the valuers then have to project a figure for reotal growth and they have no obvious track record on which to base it.

Hi-tech and its imitators are a new class of commercial property. This, certainly, is the argument of the Incorporated Society of Valuers and Auctioneers, which wrote to Mr Patrick Jenkin, Environment Secretary, at the beginning of September with its views on the Town and Country Planning (Use Classes) Order 1972.

In this survey a year ago, it was noted that the society felt it curious, to say the least, that the Order provides for tripe shops, cat's meat shops and blood boilers but does not mention leisure centres, fast food shops or buildings designed for the computer age.

The society has made a recent survey of local planning authorities and selected private industry and says that there was widespread support for its suggestion that the 1972 Order does not now reflect current land use and is obsolete in many of *its definitions.* "There was particular agreement," says the society, "with a recommendation that the Order should be subject to cootinuing and regular review."

The government, currently, prefers exhortation. In the summer, local authorities were being urged to take a positive attitude to industrial development proposals, particularly those from high-technology companies, in the final version of a joint planning circular published by the Department of the Environment and the Welsh office.

The circular particularly warned that industrial applicants should oot be refused planning permission merely to steer companies towards sites which fit in with local policies. It stressed that, where a planning application did not fit into local policies, the council would have to prove that the proposal was unacceptable.

To some, this will sound like throwing out the planning baby with the bathwater. The society admits that local planning authorities interpret the use classes order in a variety of ways.

"Some see it as a means of identifying and controlling development, while others use it merely as e method of classifying different land uses within which there is no need for change of use permission," it says. "However, the survey disclosed unanimous agreement that a Statutory Instrument was the right method of dealing with land nse control."

"Within the last 10 years, industrial land use has seen a major revolution with a switch from heavy manufacturing industries to service, knowledge-based and high-technology users," the society says.

"The need for a more flexible approach to buildings used by our growing service industries is well illustrated by the number of buildings occupied by companies where there is an overlap of office, research and production activities all undertaken in an environment similar to that of a provincial town centre office building."

"Most planning anthorities are prepared to accept this style of development so long as they can justify to themselves that the maio use is "*industrial*" and that the other uses are ancillary, even although the latter may take up to 80 per cent of the space," it says.

"There is a clear need for a better understanding of such mixed uses and the Use Classes Order should reflect industries' demands for buildings in the next decade."

There is, of course, a contrary opinion. In September, Geoff Varrall, research officer of the Industrial Building Bureau, said that the demand for high technology land which has had developers paying top prices for industrial sites in the South-East—well over £1m an acre in Slough, on the M4—is based on *what is, in essence, a myth.*

"The new electronics industries may be growth prospects," said Mr Varrall, "but the greater requirement for new industrial buildings in future is going to come from renascent traditional engineering companies."

The IBB says that developers should be turning their attention to revival in older industries and their need for new sites. IBB director Richard Hermon adds: "There are also enormous opportunities for refurbishing and rebuilding the traditional industries which are *still the great* bulk *of Britain's* manufacturing capacity."

The Bureau, among others, thinks that unwary investors could catch a cold in high-rent, high-value industrial development.

Industrial property 2

On this and the next page William Cochrane looks at initiatives designed to cut the 153.4m sq ft of vacant floorspace

Prizes for the best schemes

Conversion

THE CONVERSION of industrial land or buildings to other uses is one way of attacking the apparent glut of vacant industrial space on the market. This year, it has a certain topicality.

Each year, the Royal Institute of Chartered Surveyors, and The Times present two major *awards for outstanding work* in conservation and re-use of former industrial buildings.

There were three prizes this year in each of the two categories: the conservation and re-use of an industrial building for industrial, commercial or professional purposes; and, secondly, where the new use is recreational or edncational.

Significantly, none of this year's awards involve industrial use as the main end product. The awards call for conservation in a cost-effective way; and the combination of sometimes excessive land values, variable building costs and low industrial rents can make for a very tight equation in this sector.

A foreword to the awards notes that there were few good competition entries in the first category, and fewer, but of a higher quality, in the second.

First prizes went to Birmingham's Curzon Green Railway Station, which is now used as a training centre for unemployed adults, and a Suffolk riverside warehouse at Sudbury which has been converted to the Quay Theatre.

The other prizes, all for work on mills of one sort or another, went to: the creation of "light and practical offices and drawing offices" at Brigstock, Northamptonshire; more spec*tactularly, the Britannia Hotel*, Manchester; a theatre and restaurant at Sonniog, Berkshire; and a working tide mill and museum at Tottoo, Hampshire.

Conversion of former industrial land to other uses, in a commercial sense, generally involves the upgrading of a locatioo like the former Billingsgate fish market in the City of *London. SavaCentre*, the joint Sainsbury and British Home Stores bypermarket operator, thinks it has somethiog of the sort in Merton, In south-west London.

In a £70m urban renewal project for a 25-acre site of semi-derelict industrial land, SavaCentre is talking about a hypermarket, the first stage of the Merton relief road, an *important further extensioo* of the River Wandle linear park, a leisure centre, a prestige office building and housing — not to mention more than 2,000 new jobs.

Laurie Soden, industrial partner at agents Edward Erdman, comments: "There are changes in land values, and residential retail warehouse development Is taking place on what was industrial land."

Prices for residential land can be as much as 30 to 40 per cent abova industrial in particular locations where industrial property is no looger favoured. But Mr Soden stresses that, generally, industrial land is still likely to be worth more than residential.

"Retailers are also making usa of industrially-zoned land by constructing warehouses for use as D.I.Y., furniture or superstore outlets," he says. "The planning situation is improving and competition for representation is quite good, although retailers do demand main road positions on good sites at the edga of town."

"In some instances retailers will pay 100 per cent more than the original industrial land prices for a prime site," says Mr Soden. "But it must be borne in mind that the margin between retail and hi-tech land values is narrowing considerably, particularly where hi-tech is a more appropriate use of the land."

Above: Semi-derelict industrial land at Merton, south-west London, will house the Priory Park scheme initiated by SavaCentre. Right: Low-cost mini-warehousing units at Hillington Industrial Estate, Glasgow

Successes and failings in Scotland

Marketing

"THERE IS no shortage throughout the country of unlet publicly owned factories," Dr George Mathewson, chief executive and member of the Scottish Development ageocy since 1981, confessed this and more at the Scottish Property conference of Jones Lang Wootton in Glasgow last month.

The agency, which has recently completed a major review of its property activities with the help of the JLW research team, has some 4m sq ft of industrial property available for let or purchase out of an estimated total available in Scotland of 32m sq ft (about 14 per cent of the total stock).

Dr Mathewson however, was not wearing sackcloth and ashes. The SDA has been talking about its more aggressive marketing approach lately and its chief executive began with the basics — a good humoured, but critical look at the private property market.

"Let me list," he said, "a number of areas where I think that the industry has markedly failed: the needs of emerging high-tech industries; the provision of small industrial units . . ." and so on, his other remarks moving on to consider non-industrial areas.

The agency, he said, was starting a major exercise on the impact of service industries on the Scottish economy: "We wish to think creatively about the growth and development of service sector companies and about the role we can play in helping this to come about."

In the industrial property market, says Dr Mathewson, the SDA's level of involvement will be somewhat lower than in recent years. "We are seeking to act as a catalyst, using resources to encourage and promote as much private sector involvement as possible."

Where the agency is involved, it is not adverse to the hard sell. At Cambuslang in Glasgow, where it has spent £20m transforming the former Clyde Iron Works into a modern 400-acre industrial estate, 17 of the 25 premises were occupied by early last September.

It then opened a showhouse factory there, complete with carpets, fittings and furniture —on the theory that what worked for private housebuilders might also work here —and two weeks later was promoting a £14,000 prize package including a 10,000 sq ft factory free of rent for six months, free business consultancy support and built-in fixtures and fittings.

At Hillington industrial estate near Glasgow, which was apparently due for some innovative treatment, the SDA and contractors Sir Robert McAlpine and Sons have jumped on the American-style mini-storage bandwaggon with units ranging from 50 sq ft upwards.

Cheaper than the bulldozer

Refurbishment

OFFICE and retail refurbishments tend to be commercial propositions — or, at least, are designed to that end. There is more altruism about industrial property renovation, frequently because the rents, or increase in rents available as a result, are not sufficient to produce a commercial return on the costs involved.

Andrew Egerton-Smith of the Letchworth Garden City Corporation (q.v.) offers an exception. "We had two buildings totalling 10,000 sq ft built in 1966," be says. "They were very plain, very conspicuous and built so that water ran in. The tenants were browned off, and the whole place was looking tatty."

Three years ago these buildings were fetching £2 a foot and nearing rent review, where the options seemed to be either a major refurbishment or the bulldozer.

"Excluding external works, we spent £13.50 a foot on refurbishing," says Mr Egerton-Smith. "Higher than normal costs since we were working around tenants who stayed in business."

For that, he says, the corporation got virtually new units and will be looking for close on £4 a sq ft — "certainly £3.50" — when the rent review comes up. The differential is adequate. "We need 10 per cent of cost, but we look slightly further than immediata return," says Mr Egerton-Smith.

"At 55 to 60 per cent of the cost of the bulldozer option, we can extend the life of e building by 20 yaars."

More broadly, the refurbishment improved the environment on an important corner — overcoming the problem of having an eyesore at the entrance to an important industrial park.

* * *

GILBERT WATSON, a director of contractors McLaughlin & Harvey, says it wes purely as a commercial proposition that the company paid £1m for the 50-acre site of the Michelin tyre plant on tha outskirts of Belfast last June. However, be also says that this is an important attempt at fast industrial regeneration in e province which needs its ahare of good news.

The site is well positioned, about seven miles north of Belfast and only half a mile from the M2 motorway, with easy access to both Belfast and Larne harbours and tbe Belfast International and Harbour airports.

McLaughlin & Harvey knows the site and its location, the Hydepark Estate, pretty well. It built the 11-building Michelin complex in the mid-1960s, has a 88,000 sq ft warehouse development in the erea which has been in operation successfully since 1975 and moved its own operations "lock, stock and barrel" to the estate in 1981, having had *some specialist workshops there* already.

It may either let, or sell individual units, something which applies to the current marketing of a 30,000 sq ft engineering workshop complete with overhead cranes. Warehouse units and a two-storey office block are also being marketed at present.

It is expetced that rents will range between 70p and £2.50 a sq ft, and that apart from anything that may be sold, the development will be held for investment by the company.

* * *

INNER CITY regeneration is now aided by urban development grants, under which the government effectively subsidies developments which otherwise would have been marginally unprofitable.

Before this, a number of developments took place which would never bave happened on a commercial basis. One such was at Brune Street, Spitalfields (just east of London's Liverpool Street station) developed by LEntA Properties, the property company of tha London Enterprise Agency, an organisation formed by nina major UK companies in 1979 to promote small business and aid in urban renewal.

It cost more than £600,000—something like £80 a foot of lettable space—to turn the old Brune Street granary into 22,000 sq ft of workshops, offices and quasi-offices, says David Barratt of quantity surveyors Gardiner & Theobald.

Brune Street is close to the up and coming fringe of the City of London. LEntA is hoping that its development will act as a catalyst for tha surrounding area.

Programme of recycling

Redevelopment

THE PROPERTY team at stockbrokers Scrimgeour, Kemp-Gee estimated in September that, of the 153m sq ft of industrial floorspace vacant in England and Wales, some 50m sq ft was "chronically unlettable."

Douglas King, senior partner of King and Co who produce the floorspace figures, was on record some time ago as saying that a lot of the vacant space is redundant—and that it should be demolished.

But these things take time. Even where buildings do eventually have so go, property management can go through a number of stages before the redevelopment option is exercised.

Take, for example, Andrew Egerton-Smith, surveyor, deputy chief executive and moving next year to the chief executive's chair at the Letchworth Garden City Corporation in Hertfordshire, who joined the *corporation from Savills, the* agents, in the summer of 1975.

By 1977 the corporation had decided actively to go and buy out leases and start a programme of recycling. By *1980* it was aware that, with infill redevelopment and refurbishment, it was "nibbling at the edges," he says.

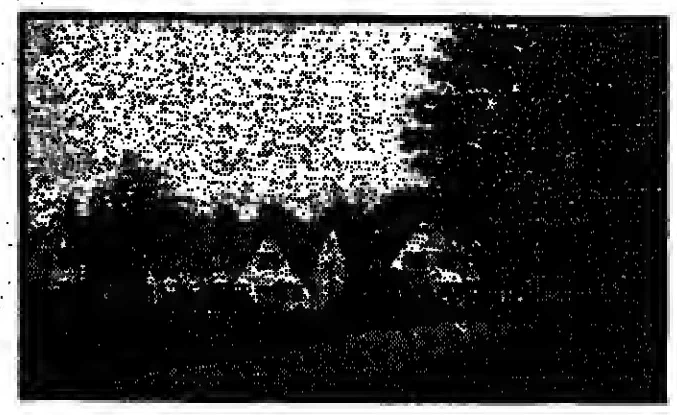
The major redevelopment opportunity—the future of the town according to Mr Egerton-Smith—was on land occupied by the Cohen 600-group. Half of the 75-acre site housed 280,000 sq ft of unattractive floorspace and an iron foundry and the other, originally expansion land, was "growing corn—it had never been developed," he said.

Package

In November 1983, he and developer Danny Desmond met to design a package for the 600 group. Mr Desmond's new company, the Bride Hall Group, negotiated with the 600 group for the purchase of its long leasehold interest and agreed terms.

Following that, it surrendered those leases to Letchworth in exchange for an institutional ground lease—"which enabled us to persuade Fred Reeder on the behalf of Postel (the Post Office pension fund) to finance the project," Mr Desmond says.

Some 56 acres of the land will be developed to provide 1.25m sq ft of new buildings in a parkland setting. This will



Letchworth, the tree-lined garden city where Postel is funding the development of 56 acres to provide 1.25m sq ft of new buildings in a parkland setting

increase the Garden City's industrial facilities by one-third, and should generate about 2,000 jobs at Letchworth.

The development is going to be appropriate to its setting. Mr Egerton-Smith says: "It is a garden city with tree-lined avenues and lots of flowers." So the new business park will be "very much up market, low density and heavily landscaped."

According to Mr Desmond, what this means is 35 per cent coverage for 60 per cent of the site and up to a maximum of 45 per cent on the rest.

Letchworth has a new leisure *complex immediately opposite* the entrace to the business park and hopes to enlarge it. "We have very strong hopes of bringing in an hotel, and there should be an element of convenience shopping as well," says Mr Egerton-Smith. After that, he hopes to take the opportunity to recycle older property elsewhere on the estate and in the adjoining area.

Mr Desmond compliments Postel. "They were very positive, committing about £½m of upfront money on the initial infrastructure." For Mr Desmond himself, Letchworth is by far the biggest project ha has landed since he parted company from Hunting Gate—"It has made it very comfortable for us in talking to other institutions."

Mr Desmond *is talking* about units in a rental bracket between £3.25 and £ a sq ft for the park as a whole; he is also expecting the park to include office accommodation and possibly non-food retailers. The development team does not expect to give large lumps of space to single users, but it says that it would have to be interested if an extremely attractive covenant came along.

The first phase of development is already under way. It includes a new business centre for the corporation, which will be able to offer incoming tenants on the spot free professional advice and a wide range of secretarial and office facilities; 28 industrial units of up to 1,250 sq ft and 4,300 sq ft of ancillary office space.

Mr Egerton-Smith is keen on growing his own potential major tenants and hopes that the small units and associated facilities will provide the right environment.

Transformed

There is similar thinking in Birmingham where part of tha 220-acre Witton site of IMI, itself one of the largest industrial groups in the UK, is being transformed into the 110-acre Holford development.

The back-up of the Witton site facilities includes: a medical centre; a main frame computer; a large effluent complex; security, sports, social and catering facilities; a transport fleet, research and development and training services.

Elfed Lewis, managing director of Holford Developments, the IMI subsidiary which will operate the site, says that there has been manufacturing activity here since 1358.

Kynochs, the progenitor of IMI, acquired the Holford site in 1904. IMI has property on 60 locations, and some years ago a survey of company requirements indicated that half of Witton's 220 acres, 2½ miles north of Birmingham would not be needed by the company in future.

Chartered surveyors Richard Ellis were appointed as development consultants; they are now also joint letting agents with he local firm, Chesshire Gibson. There is a surprising number of trees on the site already and the team expects to develop it to a very high environmental standard with 30 per cent site cover, high-specification buildings, tree-lined boulevards and off-road car parking.

The site is ringed by housing estates, with plenty of schools and labour on tap. Access and egress is via the A38(M) to Birmingham's Spaghetti Junction on tha M6 or the A34 dual carriageway to Walsall for the M6/M5 intersection.

Holford is building the first 80,000 sq ft, on a 45-acre first phase directly adjacent to the M6, on a speculative basis. Thereafter, it is hoping for prelets and has no plans for freehold disposals. Lease terms would normally be for 25 years with five-year reviews but Mr Lewis, depending on covenant, might be willing to concede either three-year break clauses or 99- or 125-year ground leases.

The first 45 acres is expected to cost about £29m gross of a £5.7m urban development grant. "We could be talking eventually about a £100m investment," Mr Lewis says. This would ultimately cover nearly 2m sq ft of modern buildings in units from 2,000 to 100,000 sq ft.

Holford has no hard and fast rules on office content but it is visualising an industrial park, rather than the quasi-office variety.

It expects to *stipulate* materials, the outside appearance, signing and landscaping of particular buildings and keep the imposition of rents, service and building charges under its own control.

IMI thinks it has something to offer here, offering the example of the material—Fenox—it is using for the speculative phase. Fenox, says Mr Lewis, has thermal properties which should result in a 40 per cent reduction in thermal heating bills.

Barry Jones another Halford director, says: "Birmingham has lots of sites." "What makes *Holford different* is that there is more off it, and that it's all together."

Both he and Mr Lewis hope that the West Midlands will get development status on a par with the North East, and South Wales. The government is apparently giving serious consideration to this at the moment.

Aquascutum of London, the clothes makers, have acquired this 39,000 sq ft property on the Maylands Estate at Hemel Hempstead. The company has taken a *full repairing and insuring lease* from Brixton Estate for 25 years at close to the asking rental of £3.50 a sq ft. The move enables this long established manufacturer to meet its needs in the 1980s

Change in the rules

A shift in the investment pattern is likely

Tax shelters

"WE'LL SEE virtually no industrial development north of the proverbial Watford Gap when industrial building *allowances (IBAs)* are reduced," says Robert Burton, chairman of the Colegrave Group.

Colegrave, specialists in tax effective investment, may be mourning the end of one tax shelter. But in a backhanded way it is also congratulating the Chancellor, Nigel Lawson, on doing his bit to reduce the oversupply of industrial property on the UK market.

Until the end of this fiscal year, industrial buildings over 1,250 sq ft will still attract 50 per cent initial allowances (which is what IBAs amount to) plus a 4 per cent annual *writing down allowance* when those buildings are let.

"Nursery units" under 1,250 sq ft still qualify for a 100 per cent IBA.

Next year all buildings except those in enterprise zones drop into a 25 per cent IBA plus 4 per cent per annum—"so that they will take 18¾ years plus any void to write off," Mr Burton says.

After March 1986 only the 4 per cent writedown will apply. "*We have attempted* to make people aware that we think it a mistake to take away all IBAs," says Mr Burton. "We have been approached, and given our views on paper to the Department of Trade and Industry.

"We had in fact earmarked a number of developments in northern England, working with development corporations and local authorities in non-Enterprise Zone locations to create, with those bodies, an environment where new business could move in," he says. "My own view is that they will never happen now."

In the past three years Colegrave has been involved in almost 1,000 industrial buildings either as principals (frequently syndicating developments) or putting clients into them. "In the buildings where wo have been involved as principals or syndicators," says Mr Burton, "85 per cent of them are now let.

"*People say that syndicate* investors are only involved in industrial buildings for the tax shelter," he says. "This is not true." By definition, Colegrave sees its income-rich investors as among the most successful people in the country. "They're not fools."

He does not deny that other people have built IBA developments in the wrong places. "It's analogous to office development," he says. "If you build it in the wrong place it won't let. But in that case it is wrong to say that IBAs were the problem."

Colegrave will still be involved in industrial property. It has a joint company with New England Properties, a company based in Newcastle and another, New Colegravo Properties, which is aiming to work with a "major property company" both in and out of Enterprise Zones.

The time is not ripe to name this new partner but, says Mr Burton, it will have the clout to acquire land and *build, and Colegrave the* expertise to finance developments in a tax-effective way, and to market the units.

Colegrave says it will continue to be involved in property in enterprise zones only when, in its view, that EZ is attractive on a commercial basis. A Colegrave representative has visited all enterprise zones to look at their commercial viability.

Mr Burton thinks that there will be a "tremendous" inflow of property money into the zones. But in reality, he says only a few of the better ones will be developed to any great degree.

Robert Rurton: developments were earmarked

Industrial property 4

On these two pages **Mira Bar-Hillel** discusses outstanding features of the development market

Improved infrastructure a vital stimulus

INDUSTRIAL development in the UK is stimulated more by the indirect effect of improved infrastructure than by specific central government initiatives—although local government is making a notable contribution.

This is one way of reading the Industrial Development Guide 1984, just published by Cambridge Information and Research Services*. The Guide also pinpoints the enormous differences in the rate of economic recovery between regions, within regions, and even between localities within counties, among other detailed research.

Based on e national questionnaire survey of all local authorities with additional information from government departments, state agencies and other public undertakings, the guide covers all aspects of development and potential for development. As well as details of projects, lettings and vacant premises, it also gives a picture of the employment situation in each locality, road programmes and other policies which may affect development prospects such as the degree of support available and local attitudes.

After reviewing the national scene, the guide looks at Britain's 10 economic planning regions, covering in each case the economy, communications, schemes of support and property market. It then surveys all the counties of England and Wales and the Scottish regions along the same lines. Finally, it provides a directory of contacts and addresses in both sectors, including all national agencies, all local authorities down to district level, enterprise groups and more than 500 agents and developers.

Adjustment

In its national review of industrial development incentives and prospects, the guide notes the adjustment taking place from the period when international economic difficulties were generally blamed on the sharp rise in energy costs to the present growing realisation that "an even more fundamental change in the industrial economies is taking place as a result of a breakthrough, in both technological and commercial senses, in the application of micro-electronics."

Britain shares many fundamental problems with others in the industrial world, including low productivity, shrinking demand and fierce competition (steel and shipbuilding) and the need for structural change especially in the heavy manufecturing sector—with no easy solution for the future of the manpower in these sections.

It is to this that the guide attributes our currently high rate of unemployment and the expectation by most economists that it is unlikely to drop in the foreseeable future.

But a detailed look shows that differences in unemployment levels ere remarkable—and surprising—not only between regions but within them. The prosperous South-East has the county with the lowest unemployment level in the country (Surrey, with only 5.8 per cent) but it is almost 15 per cent in the Southend area. The next lowest unemployment level, 6.1 per cent, is enjoyed by Shetland region, which is doing even better than Aberdeen at 6.8 per cent; yet levels near 20 per cent are also common in other parts of Scotland.

"With most modern property being built as dual-purpose industrial/warehousing premises, one of the key factors which continue to provide an impetus to the property market is the programme of improvement, upgrading and new road construction. . . . This is one of the areas of public sector ectivity least affected by budget consideration," the guide notes, end emphasises the progress being made on the M25, "already exerting a strong influence on development activity."

It also mentions the M54 link between Telford and the M6 which not only enhances Telford's own prospects but promises better acces to mid-Wales.

The final section of the M42 will complete the motorway "box" around Birmingham. The M40 will then be extended to link the West Midlands motorways to the M25 and at the other end an extension to the M42 at Solihull is expected to be completed in two years' time, offering good communications potential for a wide area.

Manchester's motorway ring is now three-quarters complete and should be finished by the end of the decade. In the south-east, the Ashford-Maidstone section of the M20 may be built in 1987 and the M3 and M27 have been extended, which improves development prospects in Kent and Hampshire.

Uncertain

On the other hand, uncertainty still surrounds the future of the third London Airport at Stansted and the possible channel tunnel. A clear positive decision on either or both of these would have profound implications for industrial development in Essex and Kent.

The Cambridge report'a single most common criticism of various Government initiatives, mainly regional policy and enterprise zones, is that they heve tended to reallocate employment rather than create new jobs and that in many cases grants—or reliefs—have gone to projects " which would have gone ahead anyway."

In the case of the zones, the report confirms evidence that the rates concessions have been reflected in higher rents within the zones and depressed rents outside them. It does, however, give a very comprehensive table listing no fewer than 26 schemes in five categories (grants, loans, industry schemes, business support and training), together with applicable areas, type of assistance and department or agency to contact.

On the local authority front, there has been a further increase in all forms of support for industrial development—especially in Wales and Scotland which have a better record in this field and where co-operation between councils and the national development egencies is strong and productive.

"The most notable feature of the last two years has been the increasing involvement of local authorities in building small units/workshops, sometimes in partnership with private developers, and in supporting the establishment of local enterprise groups. Local authorities in more than two-thirds of all districts expect to be able to provide small units. In England the proportion has risen from 50 per cent to 68 per cent."

The area of greatest development pressure remains the West London/East Berkshire area, with the attraction of Heathrow, the M4 corridor and the M25 communications potential. Elsewhere, development interest in the London Orbital Road is being resisted in Surrey and south Buckinghamshire, but more relaxed attitudes can be found in Hertfordshire, Essex and Kent.

Severe restrictions operate round Oxford and Brighton, Gatwick and Cambridge are "selective"; while developers may expect encouragement if they try Stevenage, Milton Keynes, Newbury, Andover or the Medway Towns.

**Industrial Development Guide, Longman, £25.*

Finding the real science parks

New concepts

IN THE FIRST week of October, Grand Metropolitan Biotechnology (GMB) were granted a lease by the University of Surrey to construct an innovation development centre, thereby becoming the first tenant of the Surrey Science Park, near Guildford.

In the same week the London boroughs of Islington and Wandsworth both received urban development grants from the Department of the Environment. Islington is to transform a dilapidated warehouse complex, now a defunct, railway siding, into high-specification medium-sized industrial units less than a mile from Kings Cross station to be known as the Acorn Production Centre. Wandsworth will use its grant to redevelop the former Decca site at Queenstown Road, Battersea, into a new "business centre."

Up and down the country new and not-so-new ideas are springing up under a bewildering array of titles. Variety is well and truly spicing up the industrial property world, but not without creating its own problem, often on the semantic and the marketing fronts.

In 1982, Herring Son and Daw published a comprehensive report on science parks. Two years on, their senior partner Nick Owen is concerned that the concept is not always thought through properly. "Progress has been spasmodic, with more attention paid to improved, general-purpose business perks than to genuine research and academic links."

Ironically, one of the best genuine examples does not call itself a science park. It is Technopark, the venture funded by Prudential Assurance with the firm umbilical links tying it to London's South Bank Poly. Although it will take a good deal more then the planning permission finelly granted by Southwark to meke this traffic-island site into a park, its disadvantages should be more than compensated for by the genuine academic links and the great flexibility of the units to be made available, some in very small sizes, and the helpful rental conditions offered.

Fully let

An illustration of how "user need and good links can create development momentum" is how Nick Owen describes Warwick University's science park, where the first phase of 25,000 sq ft of small units in the Barclays Bank Venture Centre is fully let . . . .

Phase two, funded by the West Midlands county council, is nearly complete and includes several schemes for owner-occupiers. "The interesting feature," says Nick Owen, "is the type of tenant coming into the venture unit, often in preparation for taking larger space later."

There are, of course, smaller users related to the university, and they are joined by Computervision, Westinghouse (which also has a substantial research contract with the university) and Sinclair Vehicles. "Tenants are keen to exploit not the primary electronics technology found in the Thames Valley, but the secondary applications for which there is growing demand in the Midlands engineering industries."

The Warwick venture centre also houses an office of venture capital specialists, Alan Patricof Associates, who are involved in raising finance for the development of the next stage of the scheme.

Barclays Bank are also taking part in an unusual industrial/warehouse development in South West London which allows occupiers the choice of either buying or leasing space. Greenlea Park, Colliers Wood, is an English Property Corporation project, and Barclays are behind the financial package offered companies who want to buy. Five companies have already taken advantage of the offer and acquired nearly balf of the 92,000 sq ft. The prices equate to £49 sq ft, while rents are from £3.75 sq ft with no service charges.

Private sector interest in new-style developments is apparent even in the depressed North West. A development here which received planning permission in the summer is the McAlpine Chester Business Park, named after the Sir Alfred McAlpine Group which is funding it.

"We shall be avoiding such fundamental phraseology as 'hi-tech,'" says managing director R. P. Harwood, "although we anticipate that the space will be of the highest standard, because the determining factor will be the requirements of the occupants of the buildings and we anticipate that all the construction will be custom built. Perhaps we are at the beginning of a new fashion phrase to be known as 'custom-tech'?"

The distinction between high technology buildings and high specification buildings is also made by David Clarke of Waterloo Land and Property at Solihull. "What is really needed is for speculative developers to look more closely at the needs of high technology industries and distinguish between such organisations and those requiring true science parks. Likewise, the high technology industries must educate developers and local authorities of their needs."

Clues

The results of a survey conducted by Debenham Tewson and Chinnocks give some clues as to why the new types of development are becoming increasingly popular—at least with investors and landlords. Seven science parks and commercial/business parks were reviewed and compared with standard industrial premises in the same locality. The higher specification accommodation was found to achieve premiums of between 20-30 per cent and 125 per cent. The lowest premiums were at Aztec West and Salford, where tenants to date have not taken advantage of the proximity of the university and its facilities. In addition, in both places the units are of a conventional industrial nature with relatively low office content.

Easier space to sell

Profile: Docklands

THE DECISION to develop in the London Enterprise Zone on dockland's Isle of Dogs was taken, according to Wimpey Property Holdings' M C Vowels, on the "basic premise of all development rationale — location, location and location."

But in his very next words Mr Vowels reveals that this is is not really quite so. Proximity to the City, and the prospect of substantial infrastructure improvements, especially in the communications and transport, were considerable attractions. But the financial benefits afforded by the 1982 Finance Act, which set up the Enterprise Zone concept, with its ten-year rates holiday and streamlined planing procedures, were no less of a magnet.

And what Wimpey Property did with the site bears witness to yet another change: even in the best location, tenants will not be found unless the structures are suitable for their increasingly specialised needs. The result is a new-style speculative development. The Enterprise Business Park provides units with interior adaptability to uses ranging from warehousing, production, research and development and offices — and exteriors to match the exacting standards of tha London Docklands Development Corporation which, far from being the easy touch many expected and some hoped for, has turned ont to be a difficult master to please.

Flexible

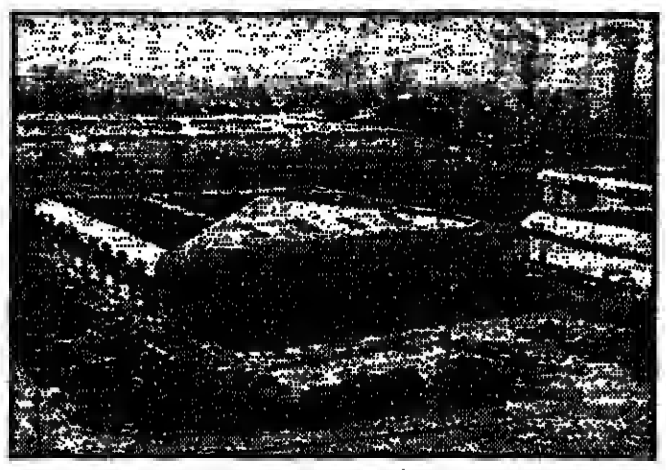
The design, by architects Newman Levinson, is based on the idea of creeting the most flexible space and floorspece potential. Each block is built to double-storey height, but only 25 per cent of the area actually has a second floor, along two of the four walls. However, this can be extended to the full, creating an office block on two levels. If this is tha tenant's choice, be may also replace some of the roofing with transparent sections to maximise daylight.

The entire structure is supported on one central column, so that vertical subdivisions can be made easily as well.

However, luxury and good looks do not coma cheap. The 1.9m cost of the first three units, measuring 10,450, 12,900 and 20,320 sq ft, and including some 300,000 worth of landscaping and £180,000 worth of decorative polyester-coated cladding by Prince of Bridgnorth, is as much as twice the cost of basic industrial sheds.

In spite of these figures, and their inevitable effect on lettings and yields, sole agent Tony Grant praises the LDDC and the way in which it has ellowed the private sector to help it revive a section of London which, in tha words of LDDC chief executive Reg Ward, used to bave fewer development ettractions than a Siberian saltmine.

In 1981, the year the LDDC was created, exasperated agents were trying unsuccessfully to market some 7 million sq ft of vacant industrial space — the total owned by the three dockland boroughs. The Port of London Authority beld a similar amount. Three years on, the private sector has committed itself to 5 million sq ft of new commercial floorspace and £500m of construction work.



The Enterprise Business Park: adaptable interiors allow uses ranging from warehousing to production and research

There can be no better measure of the effort'a success than the change in land values, noted by Tony Grant. Before the LDDC, an ecre of docklands waa worth less than nothing, as it was calculated it would cost about £100,000 to make it ready for development. Today that same acre would fetcb in excess of £150,000. No wonder he describea the partnership between the two sectors bere as "brilliantly effective."

Although the immediate cost la higher, Mr Grant considers the overall effect of rigidly imposed architectural and quality standards, when coupled with the flexibility in use of ground leases, as "a revolutionary answer to the tired old regime of land zoning and use classes." He is not alone in hia attack on use classes, and hopes that London'a docklands enterprise zone will be a sufficiently strong example of bow development can be improved without them, and that measures will be taken to bring about tha changes be—and virtually the entirety of property professionals—want to see.

A significant trend affecting design

Owner-occupiers

THE TREND towards more owner-occupation of industrial property is arguably one of the most significant for many years. Although its roots were almost entirely financial, the trend is having noticeable effects on much broader issues such as investment and design. And, as owner occupation grows, its feedback implications for the conventional leasehold market are also becoming more tangible.

Robert Glover at Richard Ellis Industrial points out that the trend may be more difficult to reverse than if it had been strictly financial. He sees a fundamental change from essentially speculative building by fairly remote institutions (although everybody lowers a pre-let) towards more bespoke construction suited to occupiers' needs.

The most striking example is the increase in the office element in industrial buildings. In the 1970s a "good institutional standard" warehouse or light industrial property contained about 10 per cent offices. Today that has risen, especially in the South East, to as much as 25 per cent.

Moreover, the trend is in the direction of reducing the distinctions between internal uses, making buildings more flexible. "This underpins the fact," says Robert Glover, "that modern companies more often than not are looking for "high image" buildings where they can combine warehousing or light industrial use with that of their head or regional office."

An effect already noted by Richard Ellis is that on land values — and, ironically, on rentals. In the Golden Triangle (West London, Heathrow, Gatwick) land can cost as much as £800,000 per acre and rents can be as high as £8 sq ft. In the circumstances, companies would be foolish to settle for anything less than their precise requirements, with the best utilisation of every square foot.

Owner-occupation is e good way of ensuring just that. Moreover, even if the owner lets the building on, as in the following example, the benefits of a custom-designed building remain for all to share.

Vast floorspace

The industrial warehouse developed at Rotherham by NMT, the storage and forwarding company, is more than just a very big box. At 140,000 sq ft, it is the only building on this scale that is not part of a manufacturing operation—but its capabilities in terms of storage and handling are remarkable even for the vast floorspace.

A combination of height (at 56 ft about double the average for warehousing) and utilisation of technology which makes possible racking among very narrow aisles (VNA) gives the NMT building the potential to store up to 24,000 pallets, with full and immediate access to each one at any time. Compared with conventional racking which requires aisles about 12 ft wide to enable forklift access, the aisles here are only 5 ft wide. The height allows for three additional layers of shelving, making a total of eight.

The narrow aisles are negotiated by a custom-built 1.25 truck, especially designed for the NMT building by Lansing Bagnall. It runs along a wire-guided system which is embedded in the floors between the racking and contains several fail-safe features to prevent the truck running wild or damaging the racking, as often happens with conventional systems.

The concept was developed by Belfast architects and engineers Hobart and Heron, based on their experience of several major industrial estates and giant shipyard facilities including Harland and Wolff.

The building's tenants, Carreras Rothman, were also closely involved in the design specifications, having contracted to occupy the entire space for five years from end 1981, with an option for extension. But NMT had to bear in mind the possibility of a different tenant sometime in the future, so maximum flexibility of future uses had to be built in as well.

In Scotland, agents Kenneth Ryden also note the greater ease with which properties are sold compared to those with long leases. Roy Durie, their industrial partner, says: "There is a definite trend away from taking 25 year leases because of the problem of disposing of leases in a recession.

"An additional factor is that the market demand to purchase has not yet pushed prices up to their true level and it is still possible to buy good second-hand modern buildings for around £10 sq ft—whereas the rental for a building of this type is currently in the region of £1.8 sq ft."

Durie also sees the trend continuing simply because to build at today's costs would require a rent of approximately £2.40 sq ft for a developer to achieve an economic return—significantly more than current levels.

Cost savings at new HQ

IT WAS DECISIONS like that taken about two years ago by Blue Circle Industries to relocate its company beadquarters out of London which caused a apete of heavy speculation about the mass exodus which would make the capital a commercial ghost town or at least bring about a profound cbange in rental values.

In tne event, this prediction was, like the reports of Mark Twain's death, rather exaggerated — but that is not to deny that relocation, too, is alive and well. However, most of it is going on within the Home Counties and there are few signs of any repetition of the attempts several years ago to use this method to revive Glasgow.

Trend leader Blue Circle, now in the process of constructing its impressive new headquarters at Aldermaaton, admits that its first criterion in making the choice of new location was that it should be within an bour of London. The decision to mova out was itself a result of a major review of the company's activities and future strategy taken during the late 1970s.

Blue Circle was among the first to see that the new communications and information technologies meant there was no further need to maintain a large centralised administrative operation in London. Moreover, as the geographical balance of its activities shifted from the South-East, a new location was aought with easier routes to the west, the Midlands and the north. Access to motorways and drive through inner London congestion, was seen to outweigh the traditional conveniences of the Victoria beadquarters. The choice fell on a small village near the Berkshire-Hampshire border, almost exactly equidistant from Reading, Newbury and Basingstoke, being 10 miles away from each.

In spite of the substantial investment being made in the new complex, which includes an elegant manor house in 137 acres with extensive parkland and a large laka, the company estimates that its savings on administrative costs resulting from the move at abont 40 per cent. It will bring under one roof departments like the main computer centre which had previously been in different locations. The move to Aldermaston is seen as "an important part of a UK modernisation and cost-cutting strategy."

In fact, although the new 120,000 sq ft bnilding is nol scheduled for completion before next summer, Blue Circle bes already moved over 100 employees, including the beadquarters staff of its cement operating division into temporary accommodation at Aldermaston. When the move is completed, there will be 400 staff there. London employees are being "encouraged to move" and the company has put together a comprehensive relocation package for them. The jobs of those who choose to atay in London will be filled locally if possible.

Profile: Blue Circle

Accommodating employees was one of the reasons why the late summer of 1985 was decided on as a completion deadline for the project, to remove the uncertainties of children starting in new schools in a new area and allow a settling-in period for families. The determination to achieve completion on time and within cost, along with the desire to allow the architect to concentrate on design and aesthetics, caused Blue Circle to choose a project management team to run the contract. Project Management International were appointed to supervise the building of the design by Richard Gilbert Scott (of Sir Giles Scott) with D Y Davies Associates, the services and structural engineers, Oscar Feber, and quantity surveyors Widnell & Trollope.

PMI and the quantity surveyors went for e two-tier method which allowed the main contractor, and the services contractor, Balfour Kilpatrick, to join the team at an early stage, while design work was still in progress.

Blne Circle was fortunate in that the listed mansion house itself was in good condition and required only modest refurbishment and redecoration to provide conference facilities and eccommodation for visiting guests and staff. The main design effort was pnt into the new complex, where the company felt it had to use as many of its own building and decorative products as it could while remaining in sympathy both with rural setting and the existing village environment.

Architect Richerd Scott was faced with the cballeneg of using more than 6,000 tonnes of cement and of overcoming people's distaste for the material. One way ba has found is to make the roof tiles match the red brick of the mansion house in colour.

On the services side, there will be a metre deep raised floor insteed of false ceilinga and floor ducts. The floor will provide total flexibility of layout with access to power, telenhone and lighting on a simple plug-in faced with the challenge of

In tha absence of mains gas, and after discounting solid fuel for aethetic reaons (chimneys), end the use of the lake as a source of low-grade beat energy viat heat pumps for cost reasons. PMI decided to make the most of an all-electric installation. Off-peak power supplies will be the main source end the solar control measures include a heat recovery system. The computer suite will have its own air-conditioning system as well as emergency generators which can also supply minimum services to the rest of the building in extreme cases.

Industrial property 6

Tax reform is expected to benefit property companies. Some of the specialists are examined on this page and the next.

Investors take a mixed view of performance

INDUSTRIAL property companies bave come througb the past 12 months in generally good sbape. Revenue influences have been favorable allowing profits and dividends to move ahead smartly, and the Chancellor in his March budget was, on balance, neutral to the sector. The most obvious blot bas been some share price performonces.

In stock market terms, the industrial property sector has had a very mixed year. Property shares have out-*performed* the market as a whole, rising by around 35 per cent since October, 1983.

But within this the industrial groups havo fared less well. Slough Estates and Property Security have kept up with the leaders, but Percy Bilton has taken a dive aod Estates Property has stood stock still.

There are probably special reasons for investors' disenchantment with Percy Bilton and Estates Property. A long-awaited asset revaluation by the former fell substantially short of tho stock market's expectations, while at Estates Property a slow, fizzling out of bids hopes left shares with litte option but to droop.

The sector has been bouyant enough in terms of revenue, bowevor, led by Sloughb Estates whicb pushed ahead firmly to top £20m pre-tax, the six major groups probably omerged from 1983 with an overage pre-tax profit gains of more than a tenth. It is their best profit performance for some years, and the driving force has been rent reviews aod reversions. Much the same sort of progress is expected for 1984.

There was additional good news for casb flow on the lettings front. These have been improving with Slough Estates reporting a decline from 10 per ceot to around 7½ per cent in its vacancy ration for 1983.

Economic activity apart, the major talking point during the summer months has been the longer-term implications in the budget. The Cbancellor is generally reckoned to have given away just about as much as he plans to take out of the sector.

Capital allowances on new industrial buildiogs are to be phased out over tbe next few years, but in compensation companies are to pay progressively less tax. The halving of stamp duty on property transactions looks to be something of an indirect bonus, whereas the imposition of VAT on building altoroations plainly will have an impact on companies witb large refurbishment programmes.

By the 1986-87 tax year, compaoies will pay corporation tax at the reduced rate of 35 per cent. One positive spin-off from this is that tho investing institutions, pension funds and the life companies may start to find it just as tax-efficient to switch out of physical property into property shares, against a background of increasingly frustrating property management problems.

The consensus view among industrial property companies is that the tax reduction will fairly adequately compensate for the loss of capital allowances on new building and equipment. In the past, these have been very useful to cash flow. For the more tax-efficient companies, there is the drawback that, over the short-term, they could actually face a higher tax bill.

The imposition of VAT on building alterations (since June) has created a certain amount of confusion, and the argument about its impact is a shifting one. There is also the very real fear within the sector that VAT will be extended to now developments in line with EEC regulations. The Government has repeatedly refuted the suggestion, but many people in the business reckon to have seen the writing on the wall.

One thing is certain, the large number of fiscal changes has created a fair degree of uncertainty at a time when it begins to look as though economic activity could be getting slower rather than recovering.

Jeffrey Brown

Market-oriented approach

Profile: Percy Bilton

BIG CHANGES have been made at Percy Bilton, the big UK industrial property concern, following the death of its toundor in January last year.

A new management team undor Arthur Chesterfield, chairman, and Ron Groom, *chief executive, is beginning* to receive recognition from the City for seeking to tap the potential of a 7m sq ft portfolio consisting almost entirely of UK industrial and warehouse space.

The group, which also has interests in housebuilding, construction and civil engineering, *owns the* leasehold on just one office block, its Ealing headquarters.

One of the important features of the new strategy is an activo search for the first time for new projects in other sectors of the commercial property market. Alongside this, the freehold content of tho portfolio has been increased sharply, and a more market-oriented approach taken to the property needs of smaller businesses.

Control

Broadly, freehold ownership gives a property company control over its portfolio, while a leasehold interest would require it to share its investment benefits.

With this in mind the company has managed to reduce the leasebold content of the portfolio from about 50 per cent a year ago to under 20 per cent. Last year Bilton paid £3.4m to acquire Phillips Pension Fund's interests in industrial estates at Slough and Erith. This year Bilton acquired the freehold interest in 14.85 acres of the Bilton Business Park in Portsmouth, and has taken a 125-year lease on an *additional* two adjacent acres.

The freehold of about 252,000 sq ft of new industrial property at Greenford has also been acquired, while Standard Life has sold Bilton the freehold interests in four industrial estates, at Chelmsford, Hitchin, Poyle and West Drayton, in return for Bilton's leasehold interest in a Basingstoke industrial estate.

On the diversification front, tho company is testing the ground outside the industrial sector. It already has some small shopping parades, and recently bought a shop investment in St Peter Port, Guernsey, which is now let to Waring and Gillow.

More acquisitions of shops and offices can be expected, but there are no plans at present to invest outside the UK. Low-yield property at top-of-the-market prices will be avoided.

Instead, with the UK industrial market "extremely buoyant" and vacant properties representing just 5 per cent of the portfolio, Bilton is expanding its development programme steadily, with 130,000 sq ft of development this year, and 280,000 sq ft in 1985-86. The company aims for a mixture of redevelopment and building on new sites, and is particularly attracted to the growth opportunities in country towns.

Spaces

Among important forthcoming developments are: 280,000 sq ft of buildings on the Portsmouth business park, with construction on the first 45,000 sq ft beginning next year; at nearby Cosham 36,000 sq ft will be built, divisible into smaller spaces of 9,250 sq ft; at Isleworth units from 3,500 sq ft to a total of just under 40,000 sq ft will be built on a 2.2 acre site; and next year about 33,000 sq ft of specially designed units will be erected at East Midlands Airport.

As can be seen from some of the spaces available, Bilton attaches great importance to the smaller end of the industrial property market. The company has high hopes that its exclusive M-Tech (for modern technology) units will widen its range, tapping a growing demand for attractive, efficient buildings adaptable to most uses.

The units have two storeys around a central courtyard, with an advanced frame design allowing removal of the first floor at any time during the life of the building. The units will also be divisible, giving increased flexibility. A 26,200 sq ft prototype is under construction in South Ruislip, but smaller units will be available.

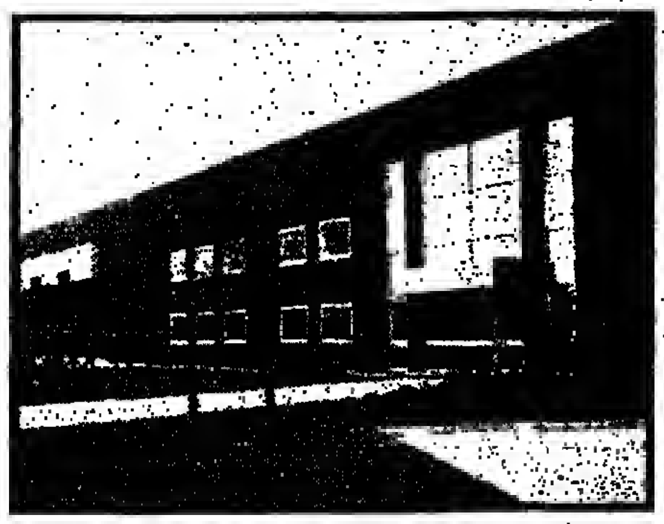
The company is confident of increased profits growth in the longer term. Investment income has risen steadily from £7.4m in 1980 to £10.5m last year.

However, in a sector where capital growth is a big consideration for shareholders, the recent changes may have important consequences. The investment portfolio was valued for the 1983 annual report at £120.2m, against £118m in 1979.

While the company was at pains to point out that the two figures are not comparable, there was some initial disappointment in the City. However, asset values are expected to rise as the company reduces its minority leasehold interests, which are growing increasingly unpopular as an investment.

Already outside estimates put the company's net asset value at about 265p per share, against 243p implied in the 1983 valuation—and a recent share price of 214p ex dividend.

Andrew Baxter



New units at Woodside Estate, Dunstable, are being leased from Brixton Estate by the expanding engineering group TRW Cam Gears

Catering for hi-tech

Beacontree Estates

BEACONTREE ESTATES was set up some four years ago as a 50:50 joint company between Maidenhead-based builder J. M. Jones and Sons and Clark, Nickolls and Coombs, the former confectionery manufacturer.

The company now has a development programme in the region of £100m. This includes an £8m shopping development in Rhyl, North Wales and the redevelopment of Oxford station. However, Beacontree is mainly known as a front runner in developing flexible buildings for industries in the new technology fields.

Both J. M. Jones and CNC have their own development subsidiaries, but they have chosen to channel their main development efforts through Beacontree and its joint managing directors—Quentin Jones, managing director of J. M. Jones and Richard Mais, managing director of CNC since the beginning of this year.

Beacontree, they say, is proving an ideal vehicle: for CNC, in providing tangible evidence of the company's determination to change its image, and for Jones in the opportunity to undertake larger developments than it would have the capacity to carry out on its own.

Beacontree is strictly a property development and trading company. There are currently no plans to build up an investment portfolio. The company's schemes are mainly carried out with a variety of institutional funding, although some developments are carried out on a project management basis.

Among Beacontree's earlier projects were several developments at Poyle, near Heathrow airport. Altogether, six schemes with a total floor area of 242,000 sq ft have been built. Two of the projects—the Poyle Aero Centre and the Skytech Centre—were mixed-use buildings. They were both built speculatively and both let to U.S. companies.

(It was not, as stated in September's M4 Property Survey, the developer of the Forbury Industrial Park at Reading.)

Funds which have bought Beacontree's Poyle schemes include Legal and General, the Water Authorities Superannuation Fund and Greater Manchester Council Superannuation Fund.

Both of the company's managing directors are frequent visitors to the U.S. They freely admit that several of their developments have been influenced by what they have seen on the other side of the Atlantic.

After the Poyle developments, Beacontree has moved on to what it calls "second generation high-tech" buildings. One example of this is the 95,000 sq ft development at 221 Bath Road, Slough, which the company is project managing on behalf of the Water Authorities Superannuation Fund.

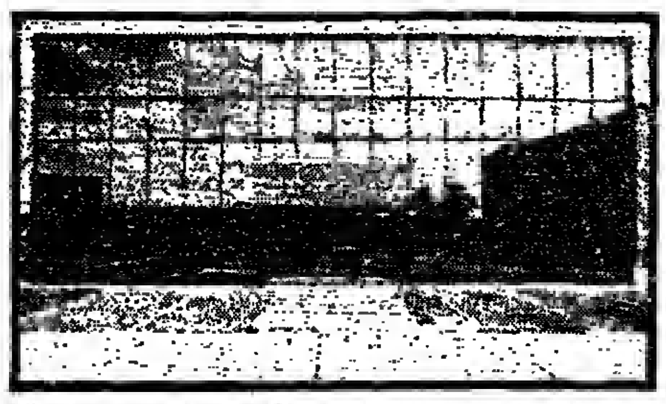
The £9m scheme, which is due for completion next spring, was at the time of its announcement believed to be the largest speculative direct development of a single hi-tech building to date in the UK.

Named the 221 Concept, the building will be split equally between air-conditioned office/research and development space and production warehouse space, linked by a fully-glazed marble-finished atrium.

In partnership with Edger Investments, the principal property development arm of Prudential Assurance, Beacontree is also working on a 45,000 sq ft scheme at Easthampstead Road, Bracknell—the M4 town which, over the last year or so, has become a focal point for showpiece "high technology" developments.

Beacontree's £5m project will comprise interlinked modules on ground and first floors in sizes from 5,000 sq ft to 17,000 sq ft. Finished to office standards throughout, the units will be fully air-conditioned.

William Cochrane



The recently completed Poyle Aero Centre building near the M4/M25 intersection close to Heathrow Airport, was bought by Carreras Pension Fund from developers Beacontree Estates for just over £1m. Buildings like this are a popular investment choice in a gradualy reviving market

£40m expansion plan

Brixton Estate

WITH JUST six warehouses and one floor of a London office block to let out of a 6¼m sq ft portfolio of developed UK property, Brixton Estate has achieved an enviable balance of supply and demand as the property market emerges from recession.

Twelve months ago, says Mr Harry Axton, chairman, there was "a lot of space to let" but he hopes that, with moderate luck, the developed properties will be fully taken up by the end of 1984. No property company can sit on its laurels, however, and earlier this year the more favourable climate prompted Brixton to embark on a £40m-plus UK expansion plan.

Mr Axton believes that most rents, if tracked over many years, keep in line with the inflation rate, but are now lagging by 15 per cent after the stagnant conditions of the past three years. He expects that by 1987 the gap will be closed, giving a boost to capital values in the process.

The company takes its name from its first property, a six-acre site at the corner of Brixton Road and Camberwell New Road, in South London. The price in 1924 was £125,000, and after a sign was erected directing inquiries to an adjacent pub, the site was fully let in nine months. It is now worth more than £4m and will probably be redeveloped in eight or nine years time.

From these small beginnings Brixton has amassed a portfolio of 8m sq ft worldwide, 7m of which is industrial space, and valued at the end of 1983 at £215m. The largest site is the 100-acre Woodside industrial estate at Dunstable, Bedfordshire, and virtually all the remaining UK industrial space is scattered around the outskirts of London and the Home Counties.

The office properties are largely in central London, with outposts in Birmingham and Leeds. Abroad, the group's major industrial and office interests are in Belgium, West Germany and Australia.

Brixton's buildings average 35,000-40,000 sq ft, appealing to big name companies, and are almost all owned freehold. The group's policy is to demolish and rebuild, or totally refurbish, wherever a property more than 30 years old falls vacant, thus maintaining the quality of the portfolio that Mr Axton says is essential for successful letting.

Mr Axton and Mr Douglas Gardner, the managing-director brought in from Tarmac last year, began preparing for this year's expansion a year ago as the market began to show signs of life.

Brixton is now looking at further projects, the most likely of which to go ahead would be an office, though no decision has been taken. After the present expansion programme is completed, industrial property will represent about 60 per cent of the portfolio.

While many analysts have predicted a rise in rents in West London, relative to central London, Mr Axton thinks differently. "People have forgotten that completion of the M25 brings back on stream the M1 in no small way," he says.

This effect had already pushed industrial rents to £4 per sq ft in Hemel Hempstead, against just £2.75 12 miles further north at Dunstable but Mr Axton is confident the increased rents will spread northwards. "If you get a recovery in the country as a whole it's far better to be on the M1 than to be halfway down to Swindon," he points out.

Brixton is also expanding overseas, where its 1¼m sq ft of developed property represents more than 20 per cent of the total. A 44,000 sq ft office project is under way in Westchester County near New York, the first U.S. project where Brixton has no partner.

The company is confident of better fortunes here than in Houston, a city still depressed by the problems of the U.S. energy industry. Brixton's holdings here comprise a small amount of unlet property and 100 acres of undeveloped land and, although the company has changed its local management, the situation remains unsatisfactory, Mr Axton says.

Despite the present weakness of sterling, Brixton will continue to expand overseas, raising money in local currencies to avoid exchange problems. Most of the group's overseas interests are financed by long-term debt.

Fixed rate long-term debt is also the preferred form of financing in the UK. Brixton has raised £30m in long-term debentures in the past 18 months, and further long-term financing can be expected next year as the expansion programme continues.

Despite the conservative approach to financing, City analysts tend to fret about gearing of around 70 per cent, twice the average for the sector. Mr Axton maintains this level is deliberate, and a direct result of keeping almost all the investments freehold to reap fuller benefits from reversions.

With dealing profits remaining, in Mr Axton's words, peripheral, the profits graph seems set to continue a steady upward climb that has taken the pre-tax figure from £3.3m in 1979 to £8.3m last year. City estimates for 1984 range from £8.5m to £9m.

Andrew Baxter

Wide spread of international properties

Slough Estates

SLOUGH ESTATES is the fourth largest property company in Britain, and easily the biggest specialising in industrial property. Its net rent roll came close to £37m last year, and pre-tax profits comfortably topped £30m. Gross property assets following a recent merger have moved up to £680m.

The company is best known for the huge trading estate 20 miles west of London from which it takes its name. This remains the biggest single group asset, accounting for 7.6m sq feet of floorspace out of a total of 27.6m. But Slough Estates also has a wide spread of international properties.

About a third of the portfolio is to be found outside the UK: North America accounts for almost 18 per cent of the total, with the rest spread fairly evenly between Australia and Europe (France, Belgium and West Germany). Slough has 580 acres of land in Australia available for future development, out of a group total of 964 acres.

Although office and retail development has played an increasing part in Slough's business in recent years, the company remains true to its founding traditions: the development of industrial properties. The company was formed in 1920, and five years later made a start on its famous trading estate at Slough in Berkshire.

The decision to expand the company beyond Slough was taken in 1931 with the acquisition of 56 acres in Birmingham. But the first move overseas did not come until 1949, with the purchase of land near Melbourne in Australia. North America came into the group's orbit in 1951 with a move into Canada.

In many respects though, the Slough Trading Estate still dominates. Today it comprises 484 acres, housing 353 separate tenants. Their factories employ something like 25,000 people. It is far and away its biggest site in the UK. The company's next largest development is 60 acres in Reading followed by 58 acres in Birmingham.

A number of small trading operations complete the group structure. There is a Canadian engineering operation, and in the UK a utility division which supplies the Slough estate with water, steam and electricity. Turnover of the group's trading interests last year totalled £17.5m, although the results of the utilities business "remained a disappointment."

Lettings improve

Fortunately, the company's utilities performance was in marked contrast to the profits buoyancy on the property front. Lettings have been improving noticeably and revenues have grown at a time of diminishing financing costs. Gross rents in the UK rose by a sixth in 1983, boosting profits and allowing the company to pay a higher dividend.

In all industrial locations the number of tenants rose, helping to reduce the group vacancy factor by a fairly substantial margin. In the UK the vacancy ratio dipped from just under 10 per cent to little more than 7 per cent last year. However, despite this obvious improvement on the demand side, the group failed to increase the amount of new space under construction in the UK.

Overseas, construction progress has been more marked. Even so, the group is pushing ahead to diversify its portfolio, adding shop and office lettings to its broad industrial base. This emphasis is likely to gather pace following the recent arrival of new marketing management.

The turn-of-the-year merger with Allnatt London Properties and Guildhall Property is one of the more significant events in Slough Estates' recent history. After lengthy negotiation, involving at least one major breakdown, the deal went ahead in December, bringing in 6.6m square feet of industrial buildings, some offices, a few shops and a rent roll of £14m.

The acquired portfolio is mainly in the west London area and in a sense the merger represented a blow to the new-found group policy of shifting its emphasis away from the older, metropolitan-based property. The acquired lettings are mostly in older buildings and located mainly in Park Royal which, these days, is close to being an inner London suburb.

Slough Estates' performance

	Gross rents	Pre-tax profit
1979	20.7m	10.1m
1980	24.8m	11.4m
1981	29.9m	13.5m
1982	37.2m	16.2m
1983	41.5m	20.2m

Source: Quilter Goodison

The group's other significant event over the past year has been the move towards joint participation in development projects. A group of Slough Estates' size and maturity rarely involves other parties in the development process unless they are providing institutional finance on a side by side basis.

Over the past year, however, joint development companies have been set up with some seven groups, including a £25m scheme to redevelop Welwyn Garden City Station. In tandem with Boskalis Keys, Slough Estates hopes to provide 200,000 sq ft of retail space, 800 car parking spaces and 20,000 sq ft of office accommodation.

Jeffrey Brown

The big investors are showing an ultra-cautious approach, and many new projects have been hard to let, as **Michael Cassell** reports

Investment: a slow and selective revival

COMMERCIAL PROPERTY in general has bardly emerged as the investor's favourite baby over the last 12 months, and industrial property in particular has invariably proved about as attractive as a tower block built in high alumina cement.

Most comparisons suggest that, having consistently out-performed long-dated gilts and equities in the decade up until 1978, the property sector has lagged behind ever since.

Leading the laggards has been the industrial property market, beset with mounting stockpiles of floorspace—some of it chronically unsuited to further use—and rapidly changing patterns of demand.

As brokers Vickers da Costa highlighted in their most recent report on the investment scene, tha changing nature of the industrial property market has now becoma firmly established, with a growing need for "high-tech" space and greater office content being clearly expressed.

Such has been the shift in consumer requirements that Hillier Parker, the estate agents, have changed their definition of prime industrial space inclnded in their rent index. The previous definition of prime industrial was a 15,000 sq ft warehouse building and this has now been altered to include an office content of up to 25 per cent.

Differentials

Properties meeting the new specifications are, not surprisingly, achieving markedly higher rents, to the extent that rent differentials on one trading estate can vary hy as much as two-thirds, depending on the office content, size and quality of building.

Given that such wide gaps in performance can now emerge within the same location, small wonder that regional industrial property markets now diverge to such a degree that any national analysis and appraisal of the aector becomes all hut meaningless.

One of the most worrying aspects of the way in which the total commercial property market is now behaving is the undeniable polarisation which has taken place.

There are two property markets in the UK—the South East and the rest. Whether the future holds an economic revival strong and long enough to again merge the two together remains to be seen. f this happremains to be seen. If this happens, then the industrial market will be the last to he reunited in recovery.

In the short-term, there at least some signs that the property market as a whole has begun the slow climh off the bottom. The improvement is not spectacular—overall rental increases were still failing to keep up with inflation during the spring—bnt its arrival is important in that it heralds the long-awaited reversal of a long-running decline in rental growth.

Yields for all types of prime property in 1984 have remained quite firm at around 3.5 per cent for retail, 4.75 per cent for offices and 6.75 per cent for industrial—reaffirming the view that the market, at the start of the year, was already discounting improved potential for short-term rental growth.

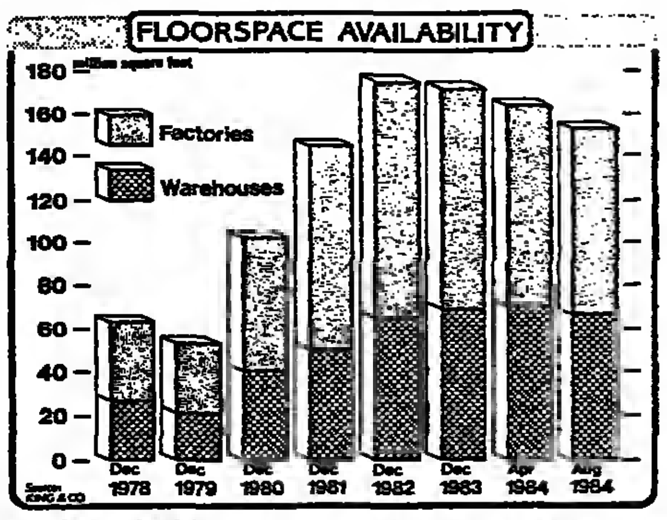
Richard Ellis, the estate agents, said last month that there was evidence to suggest the general upwards movement in yields, which proved to ba a major determinant of poor overall property sector performance in 1982-83, had begun to slow down in the office and industrial sectors.

Still more encouraging were Healey & Baker, another of the largest agencies, which recently reported a 4 per cent improvement in industrial rents in the year to September. Although such a growth rate is undeniably modest in relation to past performances, Healey & Baker says the overall return—when taken with the relatively high initial yield on industrial property—begins to look an attractive proposition hy any standards.

The agents went further and hinted that property yields generally could well fall marginally if the economy continued on present lines—though recent events must cast doubt on that particular assumption.

Neil Holmes at Jones Lang Wootton also believes there may be some room for a minor downwards move in industrial yields, bearing in mind growth prospects.

The pressure on yields across the property spectrum flows from a combination of circumstances. First, growing numbers of new investors are coming to the market and, secondly, some of the big institutions who have remained on the sidelines for some while, are cautiously returning to the field.



Much of the restored confidence, however, has yet to spill over into the industrial sector, though even here there are some more positive trends emerging.

The last report from King & Co, the agents, showed that vacant factory and warehouse space declined again in the four months up until this August. The stock of available accommodation in the industrial sector has fallen accordingly, by more than 20m sq ft since the start of 1982, but the market's problems can hardly be said to be over with over 150m sq ft still sitting empty.

Even within that decline, the market's performance has not been uniform, with factory floor space availability declining at a considerahly faster rate than warehousing accommodation.

So the worst may be over, tenants may be more optimistic about prospects and a significant reduction in the volume of modern industrial floorspace may at last be under way. What then, are the prospects for a fresh phase of investment and development in the industrial sector?

In the short term, the current patchy revival may not promise very much. While, for the first time in several years, there is a strong likelihood of positive, real capital growth for property as a whole, the outlook for better returns in the industrial sector still looks modest.

One important factor is the sheer speed at which new industrial premises can be provided in response to any upturn in demand. Given their relatively short development period, any rising take-up of existing space is quite likely to be quickly matched hy new supply; only a significant and sustained demand improvement will begin to work through in higher rents.

But there is no doubt that there have been sufficient straws in the wind to hring industrial property investment back into the calculations of major investors.

According to Clive Ross at Edward Erdman, investors are around but they remain highly selective about purchasing any type of industrial property asset: "They need to he convinced in regard to future performance. Moreover, there are two basic inconsistencies between the institutional investors' aspirations for industrial properties and those of the industrialists themselves.

"On the one hand, the investor wants a standard envelope in terms of structure, with minimum standards of finish, eaves height and site cover to ensure maximum comparison for rent review purposes. The industrialist wants flexibility of layout and economy of operation, factors which may be diametrically opposed to the investor's requirements."

At Jones Lang Wootton, Neil Holmes is in no doubt that investment interest in industrials is reviving. "Demand is split into two distinct areas. The first involves prime high-tech, located mostly along the M4 corridor and around the M25. Most transactions are being dooe around 6¾-7 per cent, though elsewhere the figure is nearer 7½ per cent.

"There is also a very active market in high yielding industrial property, in the region of 10 per cent plus. Clieots are prepared to purchase at this level where the price is underwritten by the land value. Deals like this can be anywhere in the country."

It is, unquestionably, to high-tech property that most attention has now turned. The provision of flexible premises to meet the growiog and changing requirements of the latest generation of "knowledge-hased" industries appears to have become frighteningly fashionable.

At times, it seems, no other type of industrial investment is worth a candle and no self-respecting fund would dream of pntting new money into anything else within the industrial sector.

Nothing, of course, could be further from the truth. As a report from Debenham Tewson & Chinnocks, another London-hased agency, pointed out: "Tha property requirements of many modern industries can be adequately accommodated in existing premises and do not require hrand new, purpose-designed buildings. The idea that all high-tech firms require high-tech premises is fallacious."

The high-tech market is, nevertheless, a major focus of activity for some of the UK's higgest investing institutions and several are committing huge sums of money in the development of large-scale, industrial office environments. It is only fair to say, however, that the success of some of these centres has proved more evasive than many funds had imagined.

The high-tech campus is no longer a rarity. They have been, and are being, developed in a growing number of locations and their provision alone will not guarantee their success. Indeed, this part of the market could itself soon be over-supplied and the choice for tenants will widen further, with all the consequent effects on potential rental growth.

For developers of new high-tech schemes, life could at least become easier with the planning authorities, given the Government's recent recognition that new-generation industries may have heen inhibited by planning problems.

But even if some of the planning barriers are removed and tenant demand shows clear signs of sustained revival, hig investors are unlikely to depart from what has become an ultra-cautious and highly discriminating approach to industrial schemes.

Their conservatism has often heen criticised hut the net effect of their traditionalism has been to limit the damage which could have heen inflicted had they adopted a more easy-going approach.

The Hillier Parker survey of industrial voids in the institutional investment market provided ample justification for the institutions' approach, revealing that—despite the horrific stockpile of empty space spread around the nation, only 2.7 per cent of property, by value, was not producing income in March.

There could he no greater vindication for the institutions' determination to hold top-quality property in the best locations.

Voids

How much new development now goes ahead is another matter. There is evidence to suggest that the highest incidence of voids among prime industrial schemes involves new developments. Hillier Parker reported that a third of all new industrial projects remained unlet in the early part of the year.

One area of the industrial investment sector which is likely to remain very active, at least in the short term, involves that part of the market attracting tax relief. Since 1980, when higher allowances to tax investors came in, the investment market for propositions involving industrial building allowances has been of major importance. Changes in corporation tax rates and proposed cuts in first-year allowances will soon curtail this funding source, however.

Richard Ellis, which since 1980—in conjunction with the Colgrave group — has handled about £40m worth of tax deals on behalf of clients, expects tha strong market for nursery units to continue until next April, when 100 per cent first-year allowances are withdrawn.

Ellis says very few transactions in the market for larger industrial investments are now being done for pure tax reasons and that interest and enthusiasm is now being directed towards enterprise zone investments.

There are, though, many more views abont the benefits and pitfalls of enterprise zones than there are zones themselves. Their overall impact on the total industrial market will not be known for some while yet.

PROFILE: FRED REEDER, POSTEL

Pension fund's progress

WHEN BRITAIN'S largest pension fund starts pushing money into the industrial property market, there must be grounds for optimism.

Postel, the pension fund for Post Office and communications workers, with total assets of abont £7bn, has extensive property investment assets and, having recently worked hard on its existing industrial property portfolio, is now entering a new phase of investment in this sector.

Fred Reeder, formerly with Commercial Union Properties, went to Postel (then Possfund) in 1982 as director of property investment. "We had about 1½m sq ft of empty space in our total portfolio and around 90 per cent of it was in industrials.

"In the last 15 months we have let up a little over 800,000 sq ft, without having to give a great deal away in front-end benefits. We will still have some poor space left and we have to admit that some of it will be extremely hard to fill."

Fred Reeder: views on enterprise zones

As part of the portfolio reshaping, Postel has now cut the office content of its UK portfolio from 57 per cent (about £1bn) to about 47 per cent, the result of sales and some fall in capital values. The target is 40 per cent.

Mr Reeder plans to push the shops and industrial content upwards. Over the next five years, he wants to see the percentage of industrial property investments rise from about 19 per cent at present to as much as 25 per cent.

The focus of attention, almost inevitably, is the South East. In recent weeks Postel has purchased a 19½-acre industrial site at High Wycombe and an 8-acre complex at Hemel Hempstead. It is also working with Arlington Securities on an industrial project in Newbury.

Mr Reeder says he wants some high-tech and some traditional factory space among his new investments. What he does not want is involvement in enterprise zones, about which he has strong views.

"They are a disaster. They have brought out the worst aspects of the market. We have industrial estates in East London and they have been badly hit by the arrival of an enterprise zone in Docklands. They have distorted the market and are the biggest mistake since office development permits."